

**DISPOSITION AND DEVELOPMENT/AFFORDABLE
HOUSING AGREEMENT**

by and between

LOMA LINDA REDEVELOPMENT AGENCY

and

**MAIN STREET DEVELOPMENT GROUP, LLC,
a California limited liability company**

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DISPOSITION AND DEVELOPMENT/AFFORDABLE HOUSING AGREEMENT

THIS DISPOSITION AND DEVELOPMENT/ AFFORDABLE HOUSING AGREEMENT (the “Agreement”), dated, for identification purposes only, as of March 1, 2006, is entered into by and between the **LOMA LINDA REDEVELOPMENT AGENCY**, a public body, corporate and politic (“Agency”), and **MAIN STREET DEVELOPMENT GROUP, LLC**, a California limited liability company (the “Developer”).

R E C I T A L S

A. Agency is a California redevelopment agency acting under the California Community Redevelopment Law, Part 1 of Division 24 of the Health and Safety Code (the “Redevelopment Law”).

B. The Redevelopment Plan for the Loma Linda Redevelopment Project, sometimes referred to as the Project (herein, the “Project”) was adopted by Ordinance No. 226 by the City Council of the City of Loma Linda and has been subsequently amended (as amended, the “Redevelopment Plan”). The redevelopment project area for the Redevelopment Plan as so amended constitutes the “Project Area”.

C. The Agency is authorized and empowered under the Community Redevelopment Law, California Health and Safety Code Sections 33000, *et seq.* (the “Community Redevelopment Law”), to enter into agreements for the production, improvement, or preservation of affordable housing to households of limited income, with such housing to be available at Affordable Housing Cost (as defined below).

D. The Developer is experienced in the development and operation of affordable single family housing in southern California.

E. The Developer has proposed to enter into this Agreement with the Agency under which the Developer shall develop: (i) twenty-five (25) condominium dwelling units, all of which shall be sold to “Moderate Income Households” at prices that do not exceed “Affordable Housing Cost” throughout the “Required Covenant Period” (as defined below); and (ii) thirty-seven (37) detached, single-family residences. Those undertakings of the Developer are material to this Agreement and but for those undertakings by the Developer, the Agency would not have entered into this Agreement.

F. This Agreement is in the vital and best interest of the City of Loma Linda, California, and the health, safety and welfare of its residents.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms. As used in this Agreement (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

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“Affiliated Person” means an entity formed for the purpose of constructing, owning, and operating the Development, which includes Main Street Development Group, LLC, a California limited partnership, as a general partner and which may include tax credit investors as limited partners.

“Affordable Housing Cost” means a cost as determined in conformity with section 50093.

“Agency” means the Loma Linda Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers and organized under the Redevelopment law, and any assignee of or successor to its rights, powers and responsibilities.

“Agency Conditions Precedent” is set forth in Section 3.1.

“Agency Deed” means a deed in the form of Attachment No. 6 to this Agreement.

“Agency Deed of Trust” means Attachment No. 14 to this Agreement.

“Agency Condominium CC&Rs” means Attachment 11 to this Agreement.

“Agency Escrow” is described in Section 2.2.

“Agency Note” means Attachment No. 13 to this Agreement.

“Agency Condominium Unit Base Share Amount” means forty-eight thousand three hundred eighty-seven dollars (\$48,387).

“Agency SFR Unit Base Share Amount” means forty-eight thousand three hundred eighty-seven dollars (\$48,387).

“Applicable Interest Rate” means _____ percent (___%) simple interest per annum.

“Approved Construction and/or Permanent Lender” means one or more of Bank of America, Citibank, California Community Reinvestment Corporation (“CCRC”), Washington Mutual Bank (“WAMU”) or another mutually acceptable institutional lender.

“Area” means the San Bernardino Primary Metropolitan Statistical Area, as periodically defined by HUD.

“Audited Financial Statement” means an audited financial statement, including without limitation a profit and loss statement, generated by a third party certified public accountant acceptable to the Agency in its reasonable discretion, showing, for the previous Year, on a monthly basis and in an easily readable format, [to come] [Gross Revenues, Debt Service].

“Baseline Prices” means those amounts so indicated in the Pricing List.

“Basic Concept Drawings” is defined in Section 4.2.1 hereof.

“Building Permit” means the building permit(s) issued by the City and required for the Improvements.

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“Calculation of Affordable Housing Cost” means Attachment No. 7 to this Agreement.

“Cash Amount” means the sum of Three Million Dollars (\$3,000,000).

“Certificate of Completion” means Attachment No. 10 to this Agreement.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Developer or its property manager on behalf of the Developer with the Agency, which Certificate shall be substantially in the form attached hereto as Attachment No. 4.

“City” means the City of Loma Linda, California, a California municipal corporation.

“Closing Date” means the date the Agency Deed is recorded.

“Condition of Title” is defined in Section 2.3 hereof.

“Condominium CC&Rs” means Attachment No. 11 to this Agreement.

“Condominium Homebuyer Loan Agreement” means an agreement in the form of Attachment No. 5 hereto.

“Conveyance” means the conveyance of the Site by recordation of the Agency Deed.

“County” means the County of San Bernardino, California.

“Date of Agreement” means March 1, 2006.

“Deadline” means December 14, 2006.

“Debt Service” means required debt service payments for the Primary Construction Loan and/or the Primary Permanent Loan including the funding obligations in respect of all reserves or escrows required thereunder.

“Default” is defined in Section 7.1 hereof.

“Developer” means Main Street Development Group, LLC, a California limited liability company.

“Developer’s Policy” is defined in Section 2.4.

“Development” means the new apartment complex and associated improvements as required by this Agreement to be: (i) constructed by the Developer upon the Site, with related offsite improvements, as more particularly described in the Scope of Development, and (ii) operated in conformity with the Agency Deed and the Condominium CC&Rs.

“East Poplar Rental Units” means approximately forty-four (44) rental units to be developed and subject to covenants including requirements that units be rented to Very Low Income Households at rent not in excess of amounts prescribed by California Health & Safety Code section 50053.

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“Escrow Holder” means the holder of the Escrow for the conveyance of the Site by the Agency to the Developer and the recordation of the Condominium CC&Rs, which shall be Alliance Title Company or another escrow holder mutually acceptable to the Agency and the Developer.

“Event of Default” has the meaning set forth in Section 7.1.

“Executive Director” means the Executive Director of the Agency or his designee or delegate.

“Housing Rent” shall mean the total of monthly payments by the homebuyers of a Unit for (a) use and occupancy for the Unit and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all homebuyers of the Units, other than security deposits, (c) a reasonable allowance for utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity and gas, as determined by regulation of Housing Authority of the County of San Bernardino pursuant to 24 C.F.R. Part 813 and (d) possessory interest, taxes or other fees or charges assessed for the use of the Units and facilities associated therewith by a public or private entity other than the Developer.

“Improvements” means all of the improvements described in the Scope of Development.

“Income Verification” means Attachment No. 12 to this Agreement.

“Legal Description of the Site” means Attachment No. 2 to this Agreement.

“Median Income” means Median Income for the Area (namely, San Bernardino County), as set forth by regulation of the California Department of Housing and Community Development pursuant to Health and Safety Code Sections 50079.5 and 50105.

“Moderate Income Households” means households earning not greater than one hundred twenty percent (120%) of Median Income pursuant to Health and Safety Code Section 50093.

“Notice” shall mean a notice in the form prescribed by Section 8.2 hereof.

“Permitted Senior Lien” means collectively, the deeds of trust securing the Primary Construction Loan and the Primary Permanent Loan.

“Pricing List” means Attachment No. 16.

“Primary Construction Loan” means the mortgage loans and letters of credit obtained by the Developer from a bank, savings and loan association, or other similar financial institution for financing the development (but not the operation) of the Project pursuant to this Agreement.

“Primary Permanent Loan” means the mortgage loan obtained by the Developer from a bank, savings and loan association, or other similar financial institution in an amount limited to satisfaction of the outstanding balance of the Primary Construction Loan or in an amount in excess of such outstanding balance.

“Principals” means Charles Brumbaugh.

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“Project Documents” means, collectively, this Agreement, the Condominium CC&Rs, the Agency Deed, all other Attachments to this Agreement, and any other agreement, document, or instrument that Agency requires in connection with the execution of this Agreement or from time to time to effectuate the purposes of this Agreement.

“Purchase Price” means the sum of: (i) the Cash Amount, (ii) all amounts payable to the Agency under Sections 2.5 (and its subparts) of this Agreement..

“Recordable Documents” means the following: (i) the Condominium CC&Rs and (ii) such other instruments as shall be approved by Executive Director (upon consultation with Agency’s legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent financing thereof).

“Redevelopment Plan” is defined in Section 1.5 hereof.

“Related Entity” means a Principal or an entity in which any interest is held by the Developer or one or more of the Principals.

“Request for Notice of Default” means Attachment No. 8.

“Required Affordable Units” means all twenty-five (25) of the condominium units required to be developed on the Site under this Agreement.

“Required Covenant Period” means a period of forty-six (46) years, as more particularly set forth in the Condominium CC&Rs.

“Schedule of Performance” means Attachment No. 3 to this Agreement. The Schedule of Performance sets forth the dates by which Agency and Developer are to perform certain obligations under this Agreement.

“Scope of Development” means Attachment No. 9 to this Agreement.

“SFR CC&Rs” means Attachment No. 5 to this Agreement.

“Site” means that real property depicted on the Site Map and described with greater particularity by the Legal Description of the Site. The Site consists of Area A and Area B, as depicted on the Site Map.

“Site Map” means Attachment No. 1 to this Agreement.

“Site Value” means Four Million Dollars (\$4,000,000.00) or such greater amount as may hereafter be mutually designated in writing by the Developer and the Agency as the value of the Site as of the Date of Agreement.

“Title Company” shall be Alliance Title Company or another title insurer mutually acceptable to the Agency and the Developer.

“Unit” means each of the sixty-two (62) dwelling units, including both condominium units and detached, single-family dwelling units, required to be developed by the Developer under this Agreement.

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“**Very Low Income Households**” means households earning not greater than fifty percent (50%) of Median Income for the Area pursuant to Health and Safety Code Section 50105.

“**Year**” means the period commencing as of the Closing Date and ending as of December 31 of that calendar year, then each succeeding calendar year thereafter during the Required Covenant Period.

1.2 Singular and Plural Terms. Any defined term used in the plural in this Agreement or any Project Document shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

1.3 References and Other Terms. Any reference to this Agreement or any Project Document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections and Exhibits shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term “document” is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms “including” and “include” mean “including (include) without limitation.”

1.4 Exhibits Incorporated. All attachments and exhibits to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

1.5 The Redevelopment Plan. The Redevelopment Plan for the Loma Linda Redevelopment Project (the “Redevelopment Project”) was first approved by Ordinance No. 226 adopted by the City Council of the City on July 15, 1980, and has been amended by Ordinance No. 508 of the City adopted on December 13, 1994 and Ordinance No. 374 as adopted on May 12, 1987. The various component areas of the Project Area have been merged and constitute one redevelopment project area. The project area of the Redevelopment Project is referred to herein as the “Project Area”. The use of the Site for affordable housing purposes under this Agreement is of benefit to the Project Area. This Agreement is made pursuant to the Redevelopment Plan. The Developer has reviewed the Redevelopment Plan and agrees to perform under this Agreement in conformity with the Redevelopment Plan and this Agreement.

1.6 Representations and Warranties.

1.6.1 Agency Representations. Agency represents and warrants to Developer as follows:

(a) **Authority.** Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000), which has been authorized to transact business pursuant to action of the City. Agency has full right, power and lawful authority to convey the Site as provided herein and the execution, performance, and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency. The parties who have executed this Agreement on behalf of Agency are authorized to bind Agency by their signatures hereto.

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(b) **Litigation.** To the best of Agency's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

(c) **No Conflict.** To the best of Agency's knowledge, Agency's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(d) **No Agency Bankruptcy.** Agency is not the subject of a bankruptcy proceeding.

Until the Closing Date, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.6.1 not to be true as of the Closing Date, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Agency hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Site. If Developer elects to accept the conveyance of the Site and possession of the Site following disclosure of such information, Agency's representations and warranties contained herein shall be deemed to have been made as of the Closing Date, subject to such exception(s). If, following the disclosure of such information, Developer elects to not accept the conveyance of the Site and possession of the Site, then this Agreement shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.6.1 shall survive the Closing Date.

1.6.2 Developer Representations. Developer represents and warrants to Agency as follows:

(a) **Authority.** Developer is a duly organized limited liability company organized within and in good standing under the laws of the State of California. Developer has full right, power and lawful authority to lease and accept title to and possession of the Site and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of the Developer. The parties who have executed this Agreement on behalf of Developer are authorized to bind Developer by their signatures hereto.

(b) **Litigation.** To the best of Developer's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Developer, at law or in equity before any court or governmental agency, domestic or foreign.

(c) **No Conflict.** To the best of Developer's knowledge, Developer's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(d) **No Developer Bankruptcy.** Developer is not the subject of a bankruptcy proceeding.

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(e) **Developer Experience; Sophisticated Party.** The Principals of Developer are sophisticated parties, with substantial experience in the acquisition, rehabilitation, development, financing, obtaining financing for, marketing, and operation of affordable housing projects and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. The Developer is familiar with and has reviewed all laws and regulations pertaining to the development and operation of the Development and has obtained advice from any advisers of its own choosing in connection with this Agreement. In addition, the Developer is familiar with the status of development of the East Poplar Rental Units.

(f) **Due Authorization and Execution; Studies Completed.** Developer has duly authorized the execution of this Agreement, the Condominium CC&Rs, the SFR CC&Rs, the Agency Note, the Agency Deed of Trust and the Agency Deed. Developer is ready, willing and able to execute the Condominium CC&Rs, the SFR CC&Rs, the Agency Note, the Agency Deed of Trust, and all documents necessary to effectuate the Lease and has conducted all studies necessary to proceed with the Development. Concurrently with the execution of this Agreement by Agency or within three (3) calendar days thereafter, Developer shall execute and deposit with the Agency (to be held pending satisfaction of the Agency Conditions Precedent as set forth in Section 3.1 hereunder) the Condominium CC&Rs, the SFR CC&Rs, the Agency Note, the Agency Deed of Trust, and all documents necessary to effectuate the SFR CC&Rs hereunder.

Until the Closing Date, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.6.2 not to be true as of the Closing Date, immediately give written notice of such fact or condition to Agency. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the development and/or operation of the Site. If Agency elects to proceed with the conveyance of the Site following disclosure of such information, Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing Date, subject to such exception(s). If, following the disclosure of such information, Agency elects to not close Escrow, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.6.2 shall survive the Lease.

2. DISPOSITION OF THE SITE

2.1 Conveyance of the Site. Subject to the satisfaction of those conditions set forth in Sections 3.1 and 3.2 hereof, the Agency is prepared to convey the Site to the Developer in consideration of payment by Developer of the Cash Amount and the remainder of the Purchase Price and the performance by Developer under all terms and conditions of this Agreement.

The Developer warrants and represents that it has undertaken and completed at its expense an investigation of the Site, including without limitation condition of title, the presence of any hazardous materials and other surface and subsurface conditions, and the suitability of the Site for the Improvements required pursuant to this Agreement. The Developer has selected the Site and has determined that it is suitable for all development and uses as provided for pursuant to this Agreement. Prior to the Date of Agreement, the Agency has provided to the Developer a preliminary title report by the Title Company. Developer has reviewed the condition of title to the Site and the condition of the Site (as more fully set forth in Section 2.3 of this Agreement), and all such matters are satisfactory to the Developer.

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In consideration of the Agency entering into this Agreement and conveying the Site, the Developer shall develop the Improvements and comply with and cause the use of the Site to conform to the Condominium CC&Rs and the SFR CC&Rs throughout the Required Covenant Period.

2.2 Escrow. The parties shall open an escrow (the “Agency Escrow”) with the Escrow Holder, by the time established therefor in the Schedule of Performance for the Conveyance, and the recordation and delivery of documents described in Section 2.1. The Agency and the Developer agree to execute such escrow instructions as may be reasonably required to implement this Section 2.2. The obligation of the Agency to deliver the Agency Deed, as well as the Agency Note, the Agency Deed of Trust, the SFR CC&Rs and the Condominium CC&Rs, to escrow or to proceed with the Conveyance is contingent upon the satisfaction of the “Conditions,” as set forth in Section 3.1 of this Agreement.

2.2.1 Costs of Escrow. The Agency and the Developer shall pay their respective portions of the premium for the Title Policy as set forth in Section 2.4 hereof, the Agency shall pay for the documentary transfer taxes, if any, due with respect to the Lease, and the Developer and Agency each agree to pay one-half of all other usual fees, charges, and costs which arise from Escrow.

2.2.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of the Developer and the Agency, and the Escrow Holder to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts reasonably necessary to close this Escrow in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and the Agency will cancel its own policies after the Lease. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

If in the opinion of either party it is necessary or convenient in order to accomplish the Conveyance, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Conveyance shall take place when the Agency Conditions Precedent have been satisfied. Escrow Holder is instructed to release Agency’s escrow closing and The Developer’s escrow closing statements to the respective parties.

2.2.3 Authority of Escrow Holder. Escrow Holder is authorized to, and shall:

(a) Pay and charge the Developer and Agency for their respective shares of the premium of the Developer’s Policy as set forth in Section 2.4 and any amount necessary to place title in the condition necessary to satisfy Section 2.3 of this Agreement.

(b) Pay and charge the Developer and Agency for their respective shares of any escrow fees, charges, and costs payable under Section 2.2.1 of this Agreement.

(c) Pay and charge the Developer for any endorsements to the Developer’s Policy which are requested by the Developer.

(d) Disburse funds, record and deliver the Recordable Documents in the order set forth above.

(e) Do such other actions as necessary to fulfill its obligations under this Agreement.

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

2.2.4 Closing. The Lease and delivery of documents related shall close (“Closing”) within thirty (30) days of the parties’ satisfaction of all of Conditions Precedent, but in no event later than the last day established therefor in the Schedule of Performance. The “Closing” shall mean the time and day that each of the Agency Note is executed and held by Escrow Holder for delivery to Agency and all of the Agency Deed, the Condominium CC&Rs, the SFR CC&Rs and the Agency Deed of Trust have been recorded by the San Bernardino County Recorder. The “Closing Date” shall mean the day on which the Closing occurs.

2.2.5 Termination. If Escrow is not in condition to close by the time established therefor in the Schedule of Performance, then either party which has fully performed under this Agreement may, in writing, demand the return of money or property and terminate this Agreement. If either party makes a written demand for return of documents or properties, this Agreement shall not terminate until five (5) days after Escrow Holder shall have delivered copies of such demand to all other parties at the respective addresses shown in this Agreement. If any objections are raised within said five (5) day period, Escrow Holder is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. The Developer, however, shall have the sole option to withdraw any money deposited by it with respect to the Closing less the Developer’s share of costs of Escrow. Termination of this Agreement shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. If no demands are made, the Escrow Holder shall proceed with the Closing as soon as possible. At the election of the Agency, default by the Developer under this Agreement shall constitute a default under this Agreement.

2.2.6 Closing Procedure. Escrow Holder shall close Escrow for the Lease as follows:

Record the following documents in this order: (i) the Agency Deed; (ii) the Condominium CC&Rs; (iii) the SFR CC&Rs; and (iv) such other instruments, if any, as shall be approved by Executive Director (upon consultation with Agency’s legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent financing thereof), with instructions for the Recorder of San Bernardino County, California to deliver to the Agency the Condominium CC&Rs, the SFR CC&Rs, the Agency Deed of Trust, and a certified copy of each to the Developer; the Agency Deed shall be delivered to the Developer with a certified copy thereof to be delivered to the Agency. The order of recordation shall be subject to revision upon approval of the Executive Director. The Escrow Holder shall also deliver the Agency Note to Agency;

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- (a) Instruct the Title Company to deliver the Developer's Policy to the Developer, with a copy to the Agency;
- (b) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;
- (c) Deliver the FIRPTA Certificate, if any, to the Developer;
- (d) Deliver documents as set forth in Section 2.2.3 hereof; and
- (e) Forward to both the Developer and the Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

2.3 Review of Title. The Agency has caused a title company mutually agreeable to both parties (the "Title Company"), to deliver to the Developer a standard preliminary title report (the "Report") with respect to the Site, and the Agency will endeavor to cause the Title Company to provide to Developer legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report, within fifteen (15) days from the date of this Agreement. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

- (a) The Redevelopment Plan.
- (b) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).
- (c) The provisions of the Condominium CC&Rs, the SFR CC&Rs, the Agency Deed and the Agency Deed of Trust.
- (d) Any incidental easements or other matters affecting title which do not materially impact the Developer's use of the Site as described in the Scope of Development.

The Developer shall have thirty (30) days from the date of its receipt of the Report to give written notice to Agency and Escrow Holder of the Developer's approval or disapproval of any of such Exceptions. The Developer's failure to give written disapproval of the Report within such time limit shall be deemed approval of the Report. If the Developer notifies Agency of its disapproval of any Exceptions in the Report, the Agency shall have ten (10) days from the receipt of written notice of disapproval by the Developer to determine whether or not it will undertake the removal of any disapproved Exceptions. If the Agency elects to remove such Exceptions, it shall diligently proceed to effect the removal of such Exceptions. If Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, the Developer shall have ten (10) business days after the expiration of such ten (10) business day period to either give the Agency written notice that the Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate this Agreement. The Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "Condition of Title." The Developer shall have the right to approve or disapprove any additional and previously unreported Exceptions reported by the Title Company

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after the Developer has approved the Condition of Title for the Site (which are not created by the Developer).

2.4 Title Insurance. Concurrently with recordation of the Agency Deed there shall be issued to the Developer one CLTA lessee's policy of title insurance (the "Developer's Policy"), based upon the amount of the Site Value (or, if lower, the maximum amount for which the Title Insurer will provide title insurance), together with such endorsements as are reasonably requested by the Developer, issued by the Title Company insuring that the title to the Site is vested in the Developer in the condition required by Section 2.3 of this Agreement. The Title Company shall provide the Agency with a copy of the Developer's Policy. The Developer's Policy shall be based upon the Site Value (or, if the maximum policy amount the Title Company will issue is lower, thereat such lower amount). The Agency shall pay that portion of the premium for the Developer's Policy equal to the cost of a CLTA standard coverage title policy for the amount based upon the Site Value (or, if the maximum policy amount the Title Company will issue is lower, thereat such lower amount). Any additional costs, including the cost of an ALTA policy or any endorsements requested by the Developer, shall be borne by the Developer. If Developer elects to have the Site transferred in two components, the premium for the second title policy shall be borne by the Developer.

2.5 Developer Payments. The Developer agrees that Sales Proceeds shall be allocated in the manner set forth in this Agreement. The allocation of Sales Proceeds (including the disbursement to the Agency of its allocable portion) shall be accomplished concurrent with the closing Conveyance of the corresponding dwelling unit.

2.5.1 Condominiums. All Condominium units shall be sold for prices at or exceeding the Baseline Prices set forth for such units in the Pricing List. For each unit sold at or below the Baseline Price, the Developer shall pay (or shall cause to be paid) to Agency the Agency Condominium Unit Base Share Amount. For each unit sold at an amount above the Baseline Price, the Developer shall pay (or shall cause to be paid) to Agency an amount equal to the sum of: (i) the Agency Condominium Unit Base Share Amount, and (ii) fifty percent (50%) of the amount by which the price for the unit exceeds the Baseline Price. The Agency shall no liability or responsibility in the event one or more units is sold at a price less than the Baseline Price. In the event of conflict between the achievement of the minimum prices prescribed for condominium units and the requirement that the condominium units be sold at Affordable Housing Cost to Moderate Income Households, the Executive Director agrees to confer and consult with the Developer to achieve a reasonable resolution consistent with the affordable housing objectives of the Agency.

2.5.2 Detached Single Family Units. All detached single family units ("Market Units") shall be sold for prices at or exceeding the Baseline Prices set forth for such units in the Pricing List. For each unit sold at or below the Baseline Price, the Developer shall pay (or shall cause to be paid) to Agency the Agency SFR Unit Base Share Amount. For each unit sold at an amount above the Baseline Price, the Developer shall pay (or shall cause to be paid) to Agency an amount equal to the sum of: (i) the Agency SFR Unit Base Share Amount, and (ii) fifty percent (50%) of the amount by which the price for the unit exceeds the Baseline Price. The Agency shall have no liability or responsibility in the event one or more units is sold at a price less than the Baseline Price.

2.6 Homebuyer Documentation. Developer shall cause each purchaser of a Condominium Unit to execute a Homebuyer Loan Agreement, including without limitation the attachments thereto, in the form attached to this DDA. Developer shall establish a homeowners'

association for the Condominium owners to provide for ongoing exterior property maintenance and maintenance of common areas.

Developer shall establish a homeowner's association for the Market Units to provide for ongoing exterior property maintenance and maintenance of common areas.

Approval of covenants, conditions and restrictions as to the Site (or portions thereof) shall be subject to City Approval.

The willingness of the Agency to enter into this Agreement is in reliance upon assurances that an exceptionally high level of quality of development will be achieved and that certain levels of costs (as payable to unrelated third parties) will be incurred in constructing the Improvements. The Developer shall provide to the Agency detailed, itemized records of all expenditures in connection with the development of the Units, including without limitation invoices, product numbers and specifications and such other information as may be requested by the Executive Director or his designee. The Developer shall, concurrent with each sale of a Unit, provide a copy of the closing statement from escrow for the sale of such Unit, and a detailed description of sales proceeds, the amounts payable to the Agency and the amounts payable to the Developer or other persons in connection with each sale. The Developer shall also annually provide audited financial information to the Agency concerning project costs and all revenues received.

3. CONDITION TO CLOSING

3.1 Agency Conditions Precedent. The Agency shall not execute the Agency Deed or proceed with the Closing as provided pursuant to this Agreement, unless all of the following conditions precedent (the "Agency Conditions Precedent") has been fully satisfied, as determined in good faith by the Executive Director (which condition, if it requires action by Developer, shall also be a covenant of Developer):

(a) **Payment of Cash Amount.** The Developer shall have deposited the Cash Amount in escrow with instructions to the Escrow Holder to deliver the Cash Amount to the Agency concurrent with the recordation of the Agency Deed.

(b) **Recording of Certain Documents.** Each of the Condominium CC&Rs, the SFR CC&Rs, the Agency Deed and the Agency Deed of Trust has been executed by the Developer (where such documents so provide) and is ready to be recorded.

(c) **Evidence of Financing.** Developer shall have provided written proof acceptable to Agency that the Developer has sufficient internal funds and/or has obtained a loan or financing, subject to customary conditions and Agency has approved such evidence of financing, in accordance with Sections 4.15 and 4.15.1.1 hereof. In the event Developer obtains a loan or financing for the construction of the Development, such construction loan or financing for the Development shall be ready to close, and shall close and shall be immediately available for use in constructing the Improvements.

(d) **Construction Contract.** Developer shall have provided to the Agency a signed copy of a fixed-price contract between the Developer and the general contractor for the construction of the Development, certified by the Developer to be a true and correct copy thereof, and Executive Director shall have approved such contractor or contractors, and the construction contract or

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contracts, pursuant to Section 4.15 hereof. The parties acknowledge that the Principals are or may be Related Parties to the Developer. However, nothing contained in this subsection (c) shall be deemed to create any responsibility or liability for selection of the contractor(s) of for construction of the Improvements, the Developer being solely responsible for such activities.

(e) Payment, Performance and Completion Bonds. Developer shall have obtained payment bonds and performance and completion bonds for off-site improvements as may be customarily required by City in connection with its subdivision process, in an amount and from a surety company reasonably acceptable to the Executive Director. All bonds shall be issued by good and solvent sureties qualified to do business in California and shall have a rating of A or better in the most recent edition of Best's Key Rating Guide.

(f) [Intentionally Omitted].

(g) Commencement of Construction of East Poplar Rental Units. Construction (not including demolition, grubbing or grading) shall have begun of the East Poplar Rental Units following execution of a lease for the site of the East Poplar Rental Units.

(h) Insurance. Agency shall have received evidence, satisfactory to Executive Director, that all of the insurance policies required by Section 4.5, below, are in full force and effect.

(i) Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct as of the Closing as though made on and as of that date, and Executive Director shall have received a certificate to that effect signed by an officer of Developer.

(j) No Default. No Event of Default by Developer shall have occurred under this Agreement, no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer under this Agreement, and Executive Director shall have received a certificate to that effect signed by an officer of Developer.

All conditions set forth in Section 3.1, or to Agency's obligations hereunder, are for Agency's benefit only and Executive Director may waive all or any part of such rights by written notice to Developer and Escrow Holder. If Executive Director shall, within the applicable periods set forth herein, disapprove of any of the items which are subject to Agency's approval, or if any of the conditions set forth in this Agreement are not met within the times called for, Agency may thereafter terminate this Agreement without any further liability on the part of Agency by giving written notice of termination to the Escrow Holder, with a copy to Developer. Escrow Holder shall thereupon, without further consent from Developer, return to each party the documents and funds deposited by them.

4. SCOPE OF DEVELOPMENT; INSURANCE AND INDEMNITY, FINANCING

4.1 Scope of Development. The Developer shall develop the Improvements in accordance with the Scope of Development, and the approved plans, drawings and documents for the Improvements. In the event of any inconsistency between the Scope of Development and the plans for the Improvements which have been approved by the Agency and/or City, the approved Development plans shall control.

4.2 Design Review.

4.2.1 Developer Submissions. Prior to the Date of Agreement, in connection with its application for land use approvals by the City, the Developer has submitted “Basic Concept Drawings” for the Improvements. Before commencement of construction of the Improvements or other works of improvement upon the Site, the Developer shall submit to the City any plans and drawings (collectively, the “Design Development Drawings”) which may be required by the City with respect to any permits and entitlements which are required to be obtained to develop the Improvements, which the City shall comment on and return to the Developer within fifteen (15) days from the date of receipt thereof. Developer, on or prior to the date set forth in the Schedule of Performance, shall submit to the City such plans for the Improvements as required by the City in order for Developer to obtain building permits for the Improvements. Within thirty (30) days after the City’s disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by the City as requiring revisions and resubmit the revised plans to the City.

4.2.2 City Review and Approval. The City shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the City Municipal Code, and nothing set forth in this Agreement shall be construed to constitute the City’s approval of any or all of the Design Development Drawings or to limit or affect the City’s review and right to approve, approve subject to conditions, or disapprove Design Development Drawings, plans, drawings, applications, or submittals.

4.2.3 Revisions. Any and all change orders or revisions required by the City and its inspectors under the Municipal Code and all other applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Drawings and other required submittals and shall be completed during the construction of the Improvements.

4.2.4 Defects in Plans. The Agency and the City shall not be responsible either to the Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the review and approval processes established by this Section 4.2.4.

4.2.5 Land Use Approvals. Before commencement of construction of the Improvements or other works of improvement upon the Site, the Developer shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, permits, and approvals which may be required for the Improvements by the City or any other governmental agency affected by or having jurisdiction over such construction or work, except for those which are the responsibility of Agency as set forth herein, including without limitation a license agreement between the Developer and the City allowing entry onto the Site which indemnifies City and the Agency from any claims made in connection with the activities of the Developer. The Developer shall, without limitation, apply for and secure, and pay all costs, charges and fees associated therewith, all permits and fees required by the City, County of San Bernardino, and other governmental agencies with jurisdiction over the Improvements.

4.3 Time of Performance; Progress Reports. The Developer shall submit all Design Development Drawings, commence and complete all construction of the Improvements, and satisfy all other obligations and conditions of this Agreement within the times established therefor in this

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Agreement. Construction of the Improvements shall be commenced on or before the time established therefor in the Schedule of Performance. Once construction is commenced, it shall continuously and diligently be pursued to completion and shall not be abandoned for more than fifteen (15) days except when due to causes beyond the control and without the fault of Developer as set forth in Section 7.1(e). During the course of construction and prior to issuance of the Certificate of Completion, Developer shall provide timely reports of the progress of construction when requested by the Executive Director. Developer shall complete construction of all of the Improvements on the Site within fourteen (14) months after the first to occur of (i) commencement of construction or (ii) the time established by this Agreement for commencement of construction.

4.4 Cost of Construction. The cost of planning, designing, developing, and constructing the Improvements shall be borne solely by the Developer. All fees imposed by any governmental entity in connection with the subdivision of the Site (and/or property adjacent to the Site pertaining to the East Poplar Rental Units), or the acquisition of the Site, or the development of the Improvements shall be borne by Developer and shall be paid when due by Developer.

4.5 Insurance Requirements. Commencing as of Closing and continuing throughout the Required Covenant Period, Developer shall maintain at Developer's sole expense, with insurers reasonably approved by Agency, the following policies of insurance in form and substance reasonably satisfactory to Agency:

(a) workers' compensation insurance and any other insurance required by law in connection with the Improvements or other work performed on the Site (to be in effect only while work is being performed on the Site);

(b) upon commencement of construction of the Improvements and at all times prior to completion of the Improvements, builder's risk-all risk insurance covering 100% of the replacement cost of all Improvements (including offsite and the materials) during the course of construction in the event of fire, lightning, windstorm, vandalism, earthquake, malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Site is located (including loss by flood if the Site is in an area designated as subject to the danger of flood);

(c) following completion of the Improvements, fire and hazard "all risk" insurance covering 100% of the replacement cost of the Improvements in the event of fire, lightning, windstorm, vandalism, earthquake, malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Site is located (including loss by flood if the Site is in an area designated as subject to the danger of flood);

(d) public liability insurance in amounts reasonably required by the Executive Director from time to time, and in no event less than \$2,000,000 for "single occurrence;"

(e) property damage insurance in amounts reasonably required by the Executive Director from time to time, and in no event less than \$2,000,000; and

(f) all other insurance reasonably required by the Executive Director from time to time.

All such insurance shall provide that it may not be canceled or materially modified without 30 days prior written notice to Agency. The policies required under subparagraphs (b) and

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(c) shall include a “lender’s loss payable endorsement” (Form 438BFU) in form and substance satisfactory to Agency, showing Agency as an additional insured and loss payee. Agency shall be an additional insured in the policies required under subparagraphs (d) and (e). No such insurance shall include deductible amounts to which Agency has not previously consented in writing. Certificates of insurance for the above policies (and/or original policies, if required by Agency) shall be delivered to Agency from time to time within 10 days after demand therefor. All policies insuring against damage to the Improvements shall contain an agreed value clause sufficient to eliminate any risk of co-insurance. No less than thirty (30) days prior to the expiration of each policy, Developer shall deliver to Agency evidence of renewal or replacement of such policy reasonably satisfactory to the Executive Director.

Coverage provided hereunder by Developer shall be primary insurance and not be contributing with any insurance maintained by Agency or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and Agency. None of the above-described policies shall require Developer to meet a deductible or self-insured retention amount of more than Five Thousand Dollars (\$5,000.00) unless approved in writing by the Executive Director. All policies shall be written by good and solvent insurers qualified to do business in California and shall have a policyholder’s rating of A or better in the most recent edition of “Best’s Key Rating Guide -- Property and Casualty.” The required certificate shall be furnished by Developer at the time set forth herein.

4.5.2 Waiver of Subrogation. Developer hereby waives all rights to recover against Agency (or any officer, employee, agent or representative of Agency) for any loss incurred by Developer from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

4.6 Obligation to Repair and Restore Damage Due to Casualty. If during the period of construction the Improvements shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Improvements to substantially the same condition as the Improvements are required to be constructed pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Improvements can be occupied as an affordable housing project in accordance with this Agreement. In no event shall the repair, replacement, or restoration period exceed fourteen (14) months from the date Developer obtains insurance proceeds unless the Executive Director, in his or her sole and absolute discretion, approves a longer period of time. Agency shall cooperate with Developer, at no expense to Agency, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Improvements by giving notice to Agency (in which event Developer will be entitled to all insurance proceeds but Developer shall be required to remove all debris from the Site) or Developer may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the City, Agency, and the other governmental agency or agencies with

jurisdiction, and the Agency may pursue remedies of its choosing under this Agreement, including without limitation termination.

4.7 Indemnity. Developer shall defend (by counsel satisfactory to Agency), indemnify and save and hold harmless Agency and City and their officers, contractors, agents and employees (collectively, the “Indemnitees”) from and against all claims, damages, demands, actions, losses, liabilities, costs and expenses (including, without limitation, attorneys’ fees and court costs) arising from or relating to: (i) this Agreement (including without limitation Section 4.9 hereof); (ii) a claim, demand or cause of action that any person has or asserts against Developer; (iii) any act or omission of Developer, any contractor, subcontractor or material supplier, engineer, architect or other person with respect to the Site; or (iv) the ownership, occupancy or use of the Site. Notwithstanding the foregoing, Developer shall not be obligated to indemnify the Agency with respect to the consequences of any act of gross negligence or willful misconduct of the Agency. Developer’s obligations under this Section 4.7 shall survive the issuance of the Certificate of Completion and termination of this Agreement; the requirements under this Section 4.7 are in addition to and do not limit the obligations of the Developer under the Agency Deed.

The Developer shall reimburse the Agency immediately upon written demand for all costs reasonably incurred by the Agency (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of Agency) in connection with the enforcement of the Project Documents and all related matters including the following: (a) the Agency’s commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which the Agency is indemnified under the Project Documents. Such reimbursement obligations shall bear interest from the date occurring ten (10) days after the Agency gives written demand to the Developer at the Applicable Interest Rate. Such reimbursement obligations shall survive the issuance of the Certificate of Completion and termination of this Agreement.

The Developer shall indemnify the Agency from any real estate commissions or brokerage fees which may arise from this Agreement or the Site, including without limitation the acquisition of the Site by the Developer, or the sale of dwelling units on the Site. The Developer represents that it has engaged no broker, agent, or finder in connection with this transaction, and the Developer agrees to hold the Agency harmless from any claim by any broker, agent or finder in connection with this Agreement, the activities by the Developer, or the Site.

4.8 Rights of Access. Prior to the issuance of the Certificate of Completion, for purposes of assuring compliance with this Agreement, representatives of Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Improvements so long as Agency representatives comply with all safety rules. Agency representatives shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 4.8.

4.9 Compliance With Laws. Developer shall carry out the design, construction and operation of the Improvements in conformity with all applicable laws, including all applicable state labor standards (including without limitation provisions for payment of prevailing wages in connection with all construction of the Improvements), the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal

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Code, and the Fair Housing Act, 42 U.S.C. Section 3601 *et seq.* (and 24 C.F.R. Part 100), the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and the California Building Standards Code, Health and Safety Code Section 18900, *et seq.*

Labor Code Section 1720(b)(3) treats work performed under contract with certain public entities as a “public work” where the work is paid for in whole or in part with public funds, which payment may be accomplished by a transfer of an asset of value for less than a fair market value price. The Agency and the Developer that the transfer of the Site by the Agency to the Developer under this Agreement is being accomplished at a fair value price, a fair market value having been obtained by the Agency from an independent appraiser. Notwithstanding the foregoing, to the extent required by applicable law or as may otherwise be determined by Developer and its legal counsel, or as determined, opined, and/or ordered by the State Department of Industrial Relations (DIR), Developer and its contractors and subcontractors shall pay prevailing wages in compliance with Health and Safety Code Sections 33423 through 33426, and Labor Code Section 1770, *et seq.*, and shall be responsible for the keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, complying with the requirements of Labor Code Sections 1726 and 1781 (in such regard Developer acknowledges and agrees it is and shall remain the “awarding body” for the work of construction to complete the Improvements), and complying with all regulations and statutory requirements pertaining thereto. Neither the City nor the Agency makes any representations or warranties whatsoever with respect to the applicability of the foregoing prevailing wage and public works requirements, and the Developer shall make its own determination as to such applicability.

Further, the Developer agree that all public works (as defined in California Labor Code Section 1720) performed pursuant to this Agreement (the “work”), if any and as applicable (as determined by Developer and its legal counsel or as determined, opined, or ordered by the State Department of Industrial Relations (DIR),) shall comply with the requirements of California Labor Code Sections 1770, *et seq.* In all bid specifications, contracts and subcontracts for the work, Developer (or its general contractor) and the Developer (or its general contractor) shall obtain the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification or type of worker needed to perform the work, and shall include such rates in the bid specifications, contract or subcontract. Such bid specifications, contract or subcontract must contain the following provision:

It shall be mandatory for the contractor to pay not less than the said prevailing rate of wages to all workers employed by the contractor in the execution of this contract. The contractor expressly agrees to comply with the penalty provisions of California Labor Code Section 1775 and the payroll record keeping requirements of California Labor Code Section 1771.

The Developer does hereby and shall indemnify and hold each of Agency and City harmless from and against any and all claims, demands, causes of action, obligations, damages, liabilities, costs and expenses, including reasonable attorneys’ fees, that may be asserted against or incurred by Agency and/or City with respect to or in any way arising from Developer’s and Developer’s compliance with or failure to comply with applicable laws, including all applicable federal and state labor standards including without limitation the requirements of Labor Code Section 1720.

4.10 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies are and

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will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

4.11 Taxes and Assessments. Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site. Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof which is owned or leased by Developer, or assure the satisfaction thereof within a reasonable time, but in no event to exceed sixty (60) days. The Developer's duties to make payments of taxes and assessments under this Section 4.11 shall cease with respect to properties sold to homebuyers in accordance with this Agreement as of the time of each such sale. The Developer shall additionally defend, indemnify, and hold harmless the Agency and the City from and against any taxes, assessments, mechanic's liens, claims of materialmen and suppliers, or other claims by private parties in connection with (a) activities undertaken by the Developer or (b) the Site.

4.12 Liens and Stop Notices. Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Improvements the Developer shall within thirty (30) days of such recording or service or within five (5) days of Agency's demand whichever last occurs:

- (a) pay and discharge the same; or
- (b) affect the release thereof by recording and delivering to Agency a surety bond in sufficient form and amount, or otherwise; or
- (c) provide Agency with indemnification from the Title Company against such lien or other assurance which Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

4.13 Certificate of Completion. Promptly after completion of the Improvements in conformity with this Agreement, Agency shall furnish the Developer with a "Certificate of Completion," substantially in the form of attached hereto. Agency shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be a conclusive determination of satisfactory completion of the Improvements and the Certificate of Completion shall so state. If Agency refuses or fails to furnish a Certificate of Completion after written request from Developer, Agency shall, within fifteen (15) days of receipt of written request therefor, provide Developer with a written statement of the reasons Agency refused or failed to furnish the Certificate of Completion. The statement shall also contain Agency's opinion of the actions Developer must take to obtain the Certificate of Completion. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

4.14 Further Assurances. Developer shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Agency all documents, and take all actions, reasonably required by Agency from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents or otherwise to carry out the purposes of the Project Documents.

4.15 Financing of the Improvements.

4.15.1 Approval of Financing. As required herein and as an Agency Condition Precedent, Developer shall submit to Agency evidence that Developer has obtained sufficient equity capital or has arranged for and obtained a binding commitment for construction financing necessary to undertake the development of the Site and the construction of the Improvements in accordance with this Agreement (“Proof of Financing Commitments”).

The Agency shall reasonably approve or disapprove such evidence of financing within twenty (20) days of receipt of each of the respective submittals, provided that such submittal is complete. Approval shall not be unreasonably withheld so long as the terms and conditions of the financing are consistent with this Agreement, including without limitation acknowledgment and consent by such lender to the Condominium CC&Rs or the SFR CC&Rs (whichever is applicable), and are otherwise reasonable and customary. The failure or refusal by the Agency to approve financing that does not satisfy the foregoing criteria shall conclusively be deemed to be reasonable. If Agency shall disapprove any such evidence of financing, Agency shall do so by Notice to Developer stating the reasons for such disapproval and Developer shall endeavor to promptly obtain and submit to Agency new evidence of financing. Agency shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 4.15.1 for the approval or disapproval of the evidence of financing as initially submitted to Agency. Developer shall close the approved financing prior to or concurrently with the Closing.

The Proof of Financing Commitment shall include a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from one or more financial institutions for the mortgage loan or loans for financing to fund the construction and completion of the Improvements.

It is contemplated that Developer may obtain different construction loans for the condominiums and associated improvements on the one hand and the single-family detached residences on the other hand. The parties acknowledge that an implementing agreement for each of the condominium component and the single-family detached residence component, to be consistent with the terms of this Agreement, may be necessary in view of such separate financing.

4.15.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust and subleases and subleases-back on the Developer’s leasehold shall be permitted before the completion of the Improvements only with the Agency’s prior written approval, which shall not be unreasonably withheld as more fully described in Section 4.15.2, but only for the purpose of securing loans of funds to be used for financing the construction of the Improvements (including architecture, engineering, legal, construction period carrying costs such as property taxes, insurance and interest, and related direct costs as well as indirect costs) on or in connection with the Site, and the obtaining of a permanent loan in the amount of the outstanding balance of the construction loan. In no event, however, shall the amount or amounts of indebtedness secured by mortgages or deeds of trust on the Site exceed the projected Developer’s cost, as evidenced by a pro forma and a construction contract which have been delivered to the Executive Director prior to the Date of this Agreement and which set forth such costs, unless the written approval of the Executive Director is first obtained. The Developer shall notify the Agency in advance of any mortgage, deed of trust or sublease and sublease-back financing, if the Developer proposes to enter into the same before completion of the construction of the Improvements. The words “mortgage” and “trust deed” as used hereinafter shall include sublease

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and sublease-back. Upon receipt of Developer's request therefor, Agency agrees to subordinate the Agency Deed of Trust and its rights to receive Residual Receipts (under the Agency Note and, as Residual Receipts Rent, under the Agency Deed) to Permitted Senior Liens, so long as such lender(s) agree to provide reasonable notice and the right but not the obligation for the Agency to cure. The Agency authorizes the Executive Director to execute such instruments on behalf of the Agency without necessity of further action by the governing board of the Agency.

4.15.3 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust on the Site authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct, complete, or operate the Improvements or any portion thereof, or to guarantee such construction, completion or operation; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

4.15.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as to the Site as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer under this Agreement, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand; provided that the failure to notify any holder of record shall not vitiate or affect the effectiveness of notice to the Developer. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage or deed of trust. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates, but on a schedule which takes into account the time reasonably required for the holder to obtain title to and possession of the Site, analyze and negotiate amendments to plans, specifications, construction contracts and operating contracts or to negotiate new construction contracts and operating contracts. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 4.13 of this Agreement, to a Certificate of Completion. It is understood that a holder shall be deemed to have satisfied the sixty (60) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such sixty (60) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

4.15.5 Failure of Holder to Complete Improvements. In any case where, sixty (60) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from Agency of a default by the Developer in completion of construction of any of the Improvements under this Agreement, and such holder is not vested with ownership of the Site and has not exercised the option to construct as set forth in Section 4.15, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the

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Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

- (a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);
- (b) All expenses with respect to foreclosure including reasonable attorneys' fees;
- (c) The net expense, if any, incurred by the holder as a direct result of the subsequent management of the Site or part thereof;
- (d) The costs of any improvements made by such holder;
- (e) An amount equivalent to the interest that would have accrued at the rate(s) specified in the holder's loan documents on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and
- (f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by the Developer.

The foregoing rights shall be in addition to those measures set forth in an Inter-Creditor Agreement, and in addition shall supplement and not limit the Agency's rights as landlord under the Agency Deed or by operation of law.

4.15.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer whether prior to or after the completion of the construction of any of the Improvements or any part thereof (continuing until the expiration of the term of the Agency Deed), Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default.

4.15.7 Limited Subordination of Covenants. It is contemplated that financing for the Development will be provided from funds of the Developer and proceeds of a conventional construction loan and a bridge loan. In connection with the provision of the Primary Construction Loan and the Primary Permanent Loan, in the event the lenders providing such loans (the "Construction and Permanent Lenders") inform the Developer that they will provide financing only in the event the Agency agrees to the subordination of the Agency Deed of Trust (and such other subordination as may be requested), the Executive Director will consider such requests for subordination. Any such subordination shall be for the benefit of third party Construction and Permanent Lenders and not for the benefit of the Developer or any Related Entity.

4.15.8 Failure to Obtain Financing. In the event this Agreement is terminated, upon such termination, the Developer shall deliver to the Agency an executed assignment in a form reasonably acceptable to the Agency of the Developer's right to use all plans, blueprints, drawings, sketches, specifications, tentative or final subdivision maps, landscape plans, utilities plans, soils reports, noise studies, environmental assessment reports, grading plans and any other materials relating to the construction of the Improvements on the Site (the "Plans"), together with copies of all of the Plans. Such assignment shall not affect the Developer's obligations or duties concerning any of the Plans, including without limitation any obligation to pay for any work done on the Plans. The Plans shall be free of liens and encumbrances, and the Developer shall use good faith, commercially reasonable efforts to deliver to the Agency an estoppel certificate in a form reasonably acceptable to the Agency from each person or entity which prepared such Plans, authorizing the Agency to use such Plans for the Site, and releasing the Agency from any responsibility or liability for paying any costs or fees for such Plans. Upon such assignment and payment therefor, the parties agree that neither shall have any further obligations or liability to the other pursuant to this Agreement.

5. COVENANTS AND RESTRICTIONS

5.1 Use Covenants. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that the Developer shall devote the Site to the uses specified in and shall operate in conformity with: (i) this Agreement; (ii) the Condominium CC&Rs or the SFR CC&Rs (whichever is applicable); and (iii) the Agency Deed, whichever is the more restrictive in each case unless expressly provided to contrary effect herein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to the Redevelopment Plan and all applicable provisions of the City Municipal Code.

5.2 Affordable Housing Requirements.

5.2.1 Number of Required Affordable Units and Other Units. Developer agrees to make available, restrict occupancy to, and rent all of the Condominium Units at Affordable Housing Cost to Moderate Income Households. An example of the calculation of Affordable Housing Cost for the Condominium Units is attached hereto as Attachment No. 13 and incorporated herein.

5.2.2 Duration of Affordability Requirements. The Required Affordable Units shall be maintained as rental units available at and rented to Moderate Income Households throughout the Required Covenant Period, as more particularly set forth in the Condominium CC&Rs and the SFR CC&Rs.

5.2.3 Selection of Buyers. Developer shall be responsible for the selection of homebuyers for the Required Affordable Units in compliance with the criteria set forth in Section 5.3 of this Agreement.

5.2.4 Income of Tenants. Each homebuyer shall be a Moderate Income Household which meets the eligibility requirements established for the corresponding Required Affordable Unit, and Developer shall obtain a certification from each prospective purchaser which substantiates such fact. Developer shall verify the income certification of each homebuyer as set forth in Section 5.3 hereof. Prior to entering into an agreement for sale of a condominium unit on the Site to a homebuyer, and annually thereafter, the Developer shall submit to Agency or its designee, at

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Developer's expense, a completed income computation and certification form, in a form to be provided by Agency. The Developer shall cooperate in obtaining substantiation of income, including tax returns.

5.2.5 Determination of Affordable Housing Cost for the Housing Units. Each Required Affordable Unit shall be rented at an "Affordable Housing Cost" to be established as provided herein:

(a) The maximum monthly housing cost for the Required Affordable Units to be sold to Moderate Income Households shall be established at one-twelfth (1/12) of at least twenty-eight percent (28%) and not greater than thirty-five percent (35%) of one hundred twenty percent (120%) of Median Income for the Area for a household of a size appropriate to the housing unit.

"Household size appropriate to the unit," for the purpose of the calculation of rent herein (and without regard to actual occupancy), shall mean an amount equal to the number of bedrooms in the unit plus one (i.e., for a two-bedroom unit, 3 people; for a three-bedroom unit, four people); provided that the maximum monthly housing cost of the Required Affordable Units shall be adjusted annually by the formula set forth above upon the promulgation of revised figures concerning Median Income for the Area by regulation of the California Department of Housing and Community Development ("HCD").

5.3 Verifications.

5.3.1 Income Verification. Developer shall verify the income of each proposed and existing homebuyer of the Required Affordable Units and all other units developed on the Site.

5.3.2 Annual Reports. Following the issuance of the Certificate of Completion, and on or before March 15 of each Year, Developer, at its expense, shall submit to Agency or its designee the reports required pursuant to Health and Safety Code Section 33418, as the same may be amended from time to time, with each such report to be in the form prescribed by Agency. Each annual report shall cover the immediately preceding fiscal year.

The Developer shall maintain on file sale agreements, Income Verifications, development costs and rental records for all of the units developed on the Site. The Developer shall maintain complete and accurate records pertaining to the Required Affordable Units and will permit any duly authorized representative of the Agency to inspect the books and records of the Developer pertaining to this Agreement and the Required Affordable Units. The Developer shall prepare and submit to the Agency (or its designee) annually commencing March 15, 2007 and continuing until the March 15 following the sale of the last unit to be developed on the Site under this Agreement, a Certificate of Continuing Program Compliance. Such documentation shall state for each Required Affordable Unit the unit size, the housing cost, the number of occupants, and the income of the occupants and any other information which may be used to determine compliance with the terms of this Agreement.

As part of its annual report, the Developer shall include a statement of amounts payable by Developer under this Agreement (including the Agency Deed) supported by an Audited Financial Statement (prepared by an independent accounting firm reasonable acceptable to the Agency) which sets forth information in detail sufficient for adequate review by the Agency for the

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purposes of confirming those amounts payable by the Developer to the Agency as well as showing the general financial performance of the Affordable Housing Project (“Annual Financial Report”). Each Annual Financial Report shall include a profit and loss statement showing gross revenues, operating expenses, debt service, operating reserve, cash receipts, and such other information as may be requested by the Executive Director reasonably related to the project and its economic performance, all certified by the Audited Financial Statement. In the event the amounts reported or paid deviate by five percent (5%) or more from that amount determined to be owing upon review of the Developer’s submittal, Developer shall reimburse Agency for its cost to review (which may require engagement of auditors) and collect the amounts owing; such amounts shall, until paid, be added to the amount payable by Developer to Agency under Section 2.5 hereof.

5.4 Maintenance of Site. Developer agrees for itself and its successors in interest to the Site, to maintain the improvements on the Site in conformity with the City Municipal Code and the conditions set forth in the Condominium CC&Rs and the SFR CC&Rs, and shall keep the Site free from any accumulation of debris or waste materials. During such period, the Developer shall also maintain the landscaping planted on the Site in a healthy condition. The Developer’s duties shall cease as to each unit sold in conformity with this Agreement as of the time of each such sale.

5.5 Nondiscrimination Covenants. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of homebuyers, lessees, subtenants, sublessees or vendees of the Site or any portion thereof. The foregoing covenants shall run with the land.

Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of homebuyers, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein

leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of homebuyers, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

In contracts: “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of homebuyers, lessees, subtenants, sublessees or vendees of the premises.”

5.6 Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether Agency has been, remains or is an owner of any land or interest therein in the Site or in the Project Area of the Redevelopment Plan. Agency shall have the right, if the Agreement or any covenants in any agreement pursuant to this Agreement, including without limitation the Condominium CC&Rs, the SFR CC&Rs and the Agency Deed, are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and such covenants may be entitled.

6. DEVELOPER’S GENERAL REPRESENTATIONS AND WARRANTIES.

As a material inducement to Agency to enter into this Agreement, Developer represents and warrants to Agency that:

6.1 Formation, Qualification and Compliance. Developer (a) is a California limited partnership validly existing and in good standing under the laws of the State of California; (b) has all requisite and the authority to conduct its business and own, purchase, improve and sell its properties. Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental agency that are necessary for the transaction of its business; (c) Developer has and will in the future duly authorize, execute and deliver this Agreement and any and all other agreements and documents required to be executed and delivered by the Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement; (d) Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of the Developer to carry out its obligations hereunder; (e) There are no material pending or, so far as is known to the Developer, threatened, legal proceedings to which the Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed by the Developer to the Agency in this Agreement which could materially adversely affect the ability of the Developer to carry out its obligations hereunder; and (f) There is no action or proceeding pending or, to the Developer’s best knowledge, threatened, looking toward the dissolution or liquidation of the Developer and there is no action or proceeding pending or, to the Developer’s best

knowledge, threatened by or against the Developer which could affect the validity and enforceability of the terms of this Agreement, or materially and adversely affect the ability of the Developer to carry out its obligations hereunder.

Each of the foregoing items (a) to (f), inclusive, shall be deemed to be an ongoing representation and warranty. The Developer shall advise the Agency in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (f), inclusive.

6.2 Execution and Performance of Project Documents. Developer has all requisite authority to execute and perform its obligations under the Project Documents. The execution and delivery by Developer of, and the performance by Developer of its obligations under, each Project Document has been authorized by all necessary action and do not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

6.3 Covenant Not to Transfer Except in Conformity. Except for the sale of individual dwelling units in conformity with this Agreement, the Developer shall not sell, lease, or otherwise transfer or convey all or any part of the Site, or any interest therein, unless the Developer has first obtained the prior written consent of the Executive Director, which consent may be granted or refused in the Executive Director's sole and absolute discretion. In addition, Developer's limited partner and any successor thereto, may, without the prior consent of the Agency and except as set forth in the senior permitted liens, sell, transfer, assign, pledge, hypothecate, and encumber some or all of its partnership interests in the Developer and the same shall not be a violation of this Agreement. Moreover, Developer's limited partner and any successor thereto, shall have the right, without the prior consent of the Agency and except as set for in the senior permitted liens, to remove any or all of Developer's general partners for cause as permitted under Developer's limited partnership agreement and replace any or all removed general partners with a person or entity determined in the limited partner's sole discretion. Any sale, lease, transfer or conveyance without such consent shall, at Agency's option, be void. A change in ownership of the Developer resulting in the individuals executing this Agreement on behalf of Developer retaining less than fifty-one percent (51%) ownership of all outstanding shares of Developer shall be deemed to violate this Section 6.3. In connection with the foregoing consent requirement, Developer acknowledges that Agency relied upon Developer's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion of all of the Improvements, and the marketing and sale of the Required Affordable Units at or above the Baseline Prices and to Moderate Income Households to afford the community a long-term, quality affordable housing resource.

7. DEFAULTS, REMEDIES, AND TERMINATION.

7.1 Default Remedies. Subject to the extensions of time set forth in Section 7.12 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default under this Agreement. A party claiming a Default shall give written notice of Default to the other party specifying the Default. Except as otherwise expressly provided in this Agreement, and without limiting or affecting rights of parties hereto to terminate this Agreement, the claimant shall not institute any proceedings against any other party, and the other party shall not be in Default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy the specified Default and shall complete such cure, correction or remedy with diligence.

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7.2 Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, any party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement; provided, that the Agency shall have no right, in any event, to impose a lien for monetary damages against the Site or on any improvements erected from time-to-time on the Site. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California, in an appropriate municipal court that county.

7.3 Termination by the Developer. In the event that: (i) the Developer is not in default under this Agreement and Agency does not execute the Agency Deed and attempt to convey the Site to the Developer in the manner and condition and by the date provided in this Agreement; or (ii) in the event of any default of Agency prior to the Conveyance which is not cured within the time set forth in Section 7.1 hereof, and any such failure is not cured within the applicable time period after written demand by the Developer, then this Agreement may, at the option of the Developer, be terminated by Notice thereof to Agency; provided that the Developer shall have delivered to the Agency the documents required to be delivered to the Agency pursuant to Section 4.15.8 of this Agreement. From the date of the Notice of termination of this Agreement by the Developer to Agency and thereafter, this Agreement shall be deemed terminated and there shall be no further rights or obligations among the parties.

7.4 Termination by Agency. If prior to the time established in the Schedule of Performance for the satisfaction of the Agency's Conditions Precedent:

7.4.1 Developer (or any successor in interest) assigns this Agreement or any rights therein or in the Site in violation of this Agreement; or

7.4.2 Developer does not fulfill the Agency Conditions Precedent and such failure is not caused by Agency; or

7.4.3 Developer fails to execute (as covenantee or maker) the Condominium CC&Rs, the SFR CC&Rs, the Agency Deed or the Agency Note; or

7.4.4 Developer is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 7.1 hereof;

then this Agreement and any rights of the Developer or any assignee or transferee with respect to or arising out of the Agreement or the Site, shall, at the option of Agency, be terminated by Agency by Notice thereof to the Developer. From the date of the Notice of termination of this Agreement by Agency to the Developer and thereafter this Agreement shall be deemed terminated and there shall be no further rights or obligations among the parties, except that Agency may pursue any remedies it has hereunder.

7.5 Acceptance of Service of Process. In the event that any legal action is commenced against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or in such other manner as may be provided by law. In the event that any legal action is commenced against the Developer, service of process on the Developer shall be made in such manner as may be provided by law and shall be effective whether served inside or outside of California.

7.6 Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by a party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

7.7 Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

7.8 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

7.9 Further Assurances. In the event Bonds are issued in connection with the Development, the parties will review and, if appropriate amend covenant and reporting provisions hereof to encompass such other units as may be regulated by virtue of the Bonds.

7.10 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts or omissions of another party, or acts or failures to act of the City or any other public or governmental agency or entity (excepting that acts or failures to act of Agency or City shall not excuse performance by Agency or City). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. The Agency Executive Director shall have the authority to approve extensions on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days. Notwithstanding any provision of this Agreement to the contrary, any of: (i) the lack of the entering into of a lease for the East Poplar Rental Units; (ii) the lack of commencement of construction of the East Poplar Rental Units, or (iii) the lack of funding to complete the Development shall not constitute grounds of enforced delay pursuant to this Section 7.10.

7.11 Transfers of Interest in Agreement or of Site. Section 7.11, and all subsections of this Section 7.11, shall apply to transfers prior to the Conveyance. Any transfers occurring or proposed after the Lease are subject to the provisions therefor of the Condominium CC&Rs and the SFR CC&Rs.

7.11.1 Prohibition. The qualifications and identity of the Developer are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this Agreement with the Developer. Until the completion of the Improvements and the sale of all units to be developed on the Site under this Agreement, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Development thereon (excepting the

sale of units to homebuyers in conformity with this Agreement) without prior written approval of Agency, except as expressly set forth herein.

7.11.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, the Agency shall not unreasonably withhold its approval of an assignment of this Agreement or conveyance of the Site, or any part thereof, in connection with any of the following:

(a) Any transfers to an entity or entities in which the Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

(b) The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Development.

In the event of a proposed assignment by Developer under subparagraphs 7.11.2 through 7.11.3, inclusive, Developer agrees that at least thirty (30) days prior to such assignment it shall give written notice to Agency including a request for approval of such assignment and satisfactory evidence that the assignee has assumed jointly with Developer the Obligations of this Agreement. In addition, no consent of the Agency shall be required in connection with the transfer of the Site that occurs by foreclosure or deed in lieu of foreclosure of any Permitted Senior Lien to respective holder thereof or to their nominees or assignees exclusive of the Developer and Charles Brumbaugh.

7.11.3 [Intentionally Omitted]

7.11.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

7.11.5 Assignment by Agency. Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of the Developer.

7.12 Non-Liability of Officials and Employees of Agency. No member, official, officer or employee of Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

7.13 Relationship Between Agency and Developer. It is hereby acknowledged that the relationship among the Agency and Developer is not that of a partnership or joint venture and that Agency and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided in this Agreement, including the Attachments hereto, neither the Agency nor the City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Development.

7.14 Agency and City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Executive Director is authorized to act on behalf of the Agency unless specifically provided otherwise or the law otherwise requires. When a reference is made herein to an action or approval to be undertaken by the City the City Manager is authorized to act on behalf of the City unless specifically provided otherwise or the law otherwise requires.

7.15 Real Estate Brokers. Agency and Developer each represent and warrant to each other that no broker or finder is entitled to any commission or finder's fee in connection with this transaction, and each agrees to defend and hold harmless the other from any claim to any such commission or fee resulting from any action on its part.

7.16 Attorneys' Fees. In any action among the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

8. MISCELLANEOUS

8.1 Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of Agency to Developer, or any other claim by Developer against Agency, in connection with the Site or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's obligations under this Agreement (including without limitation the attachments hereto), or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

8.2 Notices. All notices, demands, approvals and other communications provided for in the Project Documents shall be in writing and be delivered to the appropriate party at its address as follows:

If to Developer: Main Street Development Group, LLC
15303 Ventura Blvd., Suite 1100
Sherman Oaks, CA 91403
Telephone: (818) 247-4303
Telecopier: (818) 247-1451

If to Agency: Loma Linda Redevelopment Agency
22541 Barton Road
Loma Linda, CA 92354
Attn: Executive Director

with copy to: Secretary
Loma Linda Redevelopment Agency
22541 Barton Road
Loma Linda, California 92354

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Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

8.3 Survival of Representations and Warranties. All representations and warranties in the Project Documents shall survive the Closing and the rental of the Required Affordable Units and have been or will be relied on by Agency notwithstanding any investigation made by Agency.

8.4 No Third Parties Benefited Except for City. This Agreement is made for the purpose of setting forth rights and obligations of Developer and Agency, and no other person (except for the City) shall have any rights hereunder or by reason hereof. Except for the City, which shall be deemed to be a third party beneficiary of this Agreement (including without limitation the Attachments hereto), there shall be no third party beneficiaries of this Agreement.

8.5 Binding Effect; Assignment of Obligations. This Agreement shall bind, and shall inure to the benefit of, Developer and Agency and their respective successors and assigns. Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of the Executive Director, which consent may be withheld in the Executive Director's sole and absolute discretion. Any such assignment without such consent shall, at Agency's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that Agency relied upon Developer's particular expertise in entering this Agreement and continues to rely on such expertise to ensure the satisfactory completion of the Improvements and the use of the Required Affordable Units in conformity with this Agreement.

8.6 Counterparts. Any Project Document may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

8.7 Prior Agreements; Amendments; Consents. This Agreement (together with the other Project Documents) contains the entire agreement between Agency and Developer with respect to the Site, and all prior negotiations, understandings and agreements with respect to such matters are superseded by this Agreement and such other Project Documents. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through 41 and Attachments 1 through 14, which constitutes the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing by the appropriate authorities of the Agency and the Developer.

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8.8 Governing Law. All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of San Bernardino or the United States District Court of the Central District of California, as Agency may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Agreement or the other Project Documents. Assuming proper service of process, Developer also waives any objection regarding personal or in rem jurisdiction or venue.

8.9 Severability of Provisions. No provision of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of the Project Documents are hereby declared to be severable.

8.10 Headings. Article and section headings are included in the Project Documents for convenience of reference only and shall not be used in construing the Project Documents.

8.11 Conflicts. In the event of any conflict between the provisions of this Agreement and those of any other Project Document, this Agreement shall prevail; provided however that, with respect to any matter addressed in both such documents, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

8.12 Time of the Essence. Time is of the essence of all of the Project Documents.

8.13 Conflict of Interest. No member, official or employee of Agency shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

8.14 Warranty Against Payment of Consideration. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates hereinafter respectively set forth.

DEVELOPER:

MAIN STREET DEVELOPMENT GROUP, LLC,
a California limited liability company

By: Corporation for Better Housing,
a California nonprofit public benefit corporation
its Managing General Partner

By: _____
Name: Charles Brumbaugh
Title: President

By: Lynx Realty & Management, LLC,
a California Limited Liability Company, its
Administrative General Partner

By: _____
Name: Charles Brumbaugh
Title: Managing Member

AGENCY:

LOMA LINDA REDEVELOPMENT AGENCY, a
public body, corporate and politic

By: _____
Dennis R. Halloway, Executive Director

ATTEST:

Pamela Byrnes-O'Camb, Secretary

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ATTACHMENT NO. 1

SITE MAP

[To come]

ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE SITE

[To come]

APN: [parcels: to come]

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

For the purposes of this Schedule of Performance, the “Date of Agreement” is March 1, 2006. The Executive Director may extend by not more than sixty (60) days the time under this Schedule of Performance by which any obligation of Developer shall be performed.

- | | |
|--|--|
| 1. <u>Satisfaction of Agency Conditions Precedent</u> . Developer shall satisfy the Agency Conditions Precedent. | Not later than October 3, 2006. |
| 2. <u>Closing</u> . The Conveyance is effected (by the Agency Deed, to be evidenced and made of public record by the recording of the Agency Deed along with the Condominium CC&Rs and the SFR CC&Rs). | Within thirty (30) days after the satisfaction of the Agency Conditions Precedent and not later than the one hundred eightieth (180 th) day after the Date of Agreement. |
| 3. <u>Intentionally Omitted</u> . | Not later than October 3, 2006. |
| 4. <u>Commencement of Construction</u> . The Developer shall have commenced construction of the Improvements. | Not later than January 3, 2007. |
| 5. <u>Completion of Construction</u> . Developer shall complete construction of the Improvements. | Within fourteen (14) months after the earlier of (i) the commencement of construction or (ii) the time established in this Schedule of Performance for the commencement of construction of the Improvements. |
| 6. <u>Units Offered for Sale</u> . Developer causes the Units to be offered for sale. | Within one hundred (100) days after the earlier of (i) completion of construction or (ii) the time established for completion of construction in this Schedule of Performance. |

ATTACHMENT NO. 4

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

TO: Loma Linda Redevelopment Agency
22541 Barton Road
Loma Linda, California 92354
Attention: Executive Director

The undersigned, _____, being duly authorized to execute this Certificate of Continuing Program Compliance (this "Certificate") on behalf of Main Street Development Group, LLC, a California limited partnership (the "Developer"), hereby represents and warrants that:

1. He has read and is thoroughly familiar with the provisions of the Disposition and Development/Affordable Housing Agreement (the "DDA") by and between the Agency and the Developer dated as of March 1, 2006, including without limitation the Condominium CC&Rs, the SFR CC&Rs, the Agency Deed, and other attachments thereto. Capitalized terms used herein shall have the same meaning as that set forth in the DDA; and

2. As of the date of this Certificate, the following number of completed residential units at the Site have been sold to Moderate Income Households at Affordable Housing Cost; (ii) are currently occupied by Lower Income Households at Affordable Housing Cost; or (iii) are currently vacant and being held available for sale to a Moderate Income Household:

Occupied at an Affordable Housing Cost by:

Moderate Income Households _____ # of Units, Nos.: _____

Vacant:

a. Held for occupancy by:

i. Moderate Income Households _____ # of Units, Nos.: _____

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3. The Developer is not in default under the terms of the Agreement, including without limitation the attachments thereto (such as the Agency Deed, the SFR CC&Rs and the Condominium CC&Rs).

MAIN STREET DEVELOPMENT GROUP, LLC,
a California limited partnership

By: Corporation for Better Housing,
a California nonprofit public benefit corporation
its Managing General Partner

By: _____
Name: Charles Brumbaugh
Title: President

By: Lynx Realty & Management, LLC,
a California Limited Liability Company, its
Administrative General Partner

By: _____
Name: Charles Brumbaugh
Title: Managing Member

(DEVELOPER)

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ATTACHMENT NO. 5

SFR CC&Rs

[To Come]

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ATTACHMENT NO. 6

AGENCY DEED

[To Come]

ATTACHMENT NO. 7

CALCULATION OF AFFORDABLE HOUSING COST

**San Bernardino County
Affordable Housing Cost Worksheet**

(2005 Income Figures)¹

1. Income Eligibility

The first step in determining eligibility for an affordable housing program is determining whether the family which will be purchasing or renting the housing unit meets the following income standards applicable to **San Bernardino** County, based upon the size of the family:

<i>Income Level</i>	<i>1 person household</i>	<i>2 person household</i>	<i>3 person household</i>	<i>4 person household</i>	<i>5 person household</i>	<i>6 person household</i>	<i>7 person household</i>	<i>8 person household</i>
<i>Extremely Low</i>	\$11,700	\$13,350	\$15,050	\$16,700	\$18,050	\$19,400	\$20,700	\$22,050
<i>Very Low</i>	\$19,500	\$22,250	\$25,050	\$27,850	\$30,050	\$32,300	\$34,500	\$36,750
<i>Lower</i>	\$31,200	\$35,650	\$40,100	\$44,550	\$48,100	\$51,700	\$55,250	\$58,800
<i>Median</i>	\$38,950	\$44,500	\$50,100	\$55,650	\$60,100	\$64,550	\$69,000	\$73,450
<i>Moderate</i>	\$46,750	\$53,450	\$60,100	\$66,800	\$72,150	\$77,500	\$82,850	\$88,200

¹ Based on currently effective median income of San Bernardino County, as set forth in 25 Cal. Code Regs. Section 6932, operative as of February 2005. These median income numbers are revised annually.

2. Determining Affordable Housing Cost

For **ownership housing**, the second step in determining compliance with affordable housing requirements is determining whether the total housing costs payable by the buyer are within allowable amounts.

For *Moderate Income* Buyers:¹

- purchasing a **0 bedroom** house, monthly housing payments may not exceed **\$1,249.65**
- purchasing a **1 bedroom** house, monthly housing payments may not exceed **\$1,427.71**
- purchasing a **2 bedroom** house, monthly housing payments may not exceed **\$1,607.38**
- purchasing a **3 bedroom** house, monthly housing payments may not exceed **\$1,785.44**
- purchasing a **4 bedroom** house, monthly housing payments may not exceed **\$1,928.21**
- purchasing a **5 bedroom** house, monthly housing payments may not exceed **\$2,070.98**

In addition, for any Moderate Income Household whose income falls within the following guidelines, it is **optional** for the agency to require that **affordable housing cost not exceed 35 percent of the gross income of the household**.²

- **1 person households** whose income is between **\$42,845 and \$46,750**
- **2 person households** whose income is between **\$48,950 and \$53,450**
- **3 person households** whose income is between **\$55,110 and \$60,100**
- **4 person households** whose income is between **\$61,215 and \$66,800**
- **5 person households** whose income is between **\$66,110 and \$72,150**
- **6 person households** whose income is between **\$71,005 and \$77,500**
- **7 person households** whose income is between **\$75,900 and \$82,850**
- **8 person households** whose income is between **\$80,795 and \$88,200**

¹ Affordable Housing Cost for Moderate Income Households is not less than 28 percent of the gross income of the household, and not more than the product of 35 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. Health and Safety Code Section 50052.5(b)(4).

² Health and Safety Code Section 50052.5 (b)(4).

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For purposes of determining Affordable Housing Cost, “Monthly Housing Payments” include an estimate of the following costs for the upcoming twelve months:³

- principal and interest payments on the mortgage loan, including rehabilitation loans
- mortgage loan insurance fees
- property taxes and assessments
- fire and casualty insurance
- property maintenance and repairs
- a reasonable allowance for utilities (including garbage collection, sewer, water, electricity, gas and other fuels, but not telephone service). Such an allowance shall take into consideration the cost of an adequate level of service.
- homeowner association fees
- space rent, if the housing unit is on rented land

³ 25 California Code of Regulations Section 6920.

ATTACHMENT NO. 8

REQUEST FOR NOTICE OF DEFAULT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Loma Linda Redevelopment Agency
22541 Barton Road
Loma Linda, California 92354
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Exempt from recording fees pursuant to Government Code § 6103.

Request for Notice Under Section 2924b Civil Code

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. _____ on _____, 200____, in Book _____, Page _____, Official Records of San Bernardino County, California, and describing land therein as

See Exhibit A attached hereto

executed by _____, as Trustor, in which _____ is named as Beneficiary, and _____ as Trustee, be mailed to LOMA LINDA REDEVELOPMENT AGENCY, at 22541 Barton Road, Loma Linda, California 92354, Attention: Executive Director.

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED IN THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A REQUEST MUST BE RECORDED.

Executive Director

Date: _____

ATTACHMENT NO. 9

SCOPE OF DEVELOPMENT

I. GENERAL DESCRIPTION

The Site is specifically delineated on the Site Map and the Legal Description of the Site.

II. DEVELOPMENT

The Developer shall construct twenty-five (25) condominiums and thirty-seven (37) detached, single-family houses on the Site, together with all on-site and off-site features described in this Scope of Development (as presented to the City Council of the City on March 14, 2006), including without limitation landscaping. All such improvements (as may be modified under the terms of City final approvals, which is scheduled for March 28, 2006) collectively constitute the "Improvements".

Within the condominium component, sixteen (16) units shall be 3-bedroom units consisting of 1,376 square feet; nine (9) units shall be 4-bedroom units consisting of 1,849 square feet. All condominiums shall be built in a two-story building, as two-story units with two-car garages. There shall be interior park space. The condominiums shall be part of a private, gated community together with the detached, single-family residences. Thirty-eight (38) guest parking spaces shall be provided. Architecture shall be in the Spanish style.

Within the detached, single-family component, seven (7) units shall be three-bedroom units consisting of 1,252 square feet; twenty (20) units shall be three-bedroom units consisting of 1,345 square feet; and ten (10) units shall be four-bedroom units consisting of 1,675 square feet. The Developer shall expend Nineteen Million Dollars (\$19,000,000) in constructing the condominium units and the detached, single family units. The single-family, detached units are being developed as part of a PC, with specific project development standards.

The quality of construction shall be of a very high level. The Improvements shall conform to the approved plans on file with the Agency as of the Date of the Agreement as supplemented by the Design Development Drawings (the "Approved Plans"), including all conditions and mitigation measures under: 2C No. 06-01, TPM No. 06-01, CUP No. 06-01 and the environmental clearance in connection therewith. Units shall be as depicted in renderings presented to the City Council on March 14, 2006.

Recreational amenities shall be provided in accordance with Approved Plans and as described to the City Council at its meeting on March 14, 2006.

The Developer shall commence and complete the Improvements by the respective times established therefor in the Schedule of Performance.

III. DEVELOPMENT STANDARDS

The Improvements shall conform to all applicable state laws and regulations and to local zoning, applicable provisions of the Municipal Code of the City of Loma Linda (the "Municipal Code") and the following development standards:

A. General Requirements:

1. Vehicular Access. The placement of vehicular driveways shall be coordinated with the needs of proper street traffic flow as approved by the City. In the interest of minimizing traffic congestion, the City will control the number and location of curb breaks for access to the Site for off-street parking and truck loading. All access driveways shall require written approval of the City staff.

2. Building Signs. Signs shall be limited in size, subdued and otherwise designed to contribute positively to the environment. Signs identifying the building use will be permitted, but their height, size, location, color, lighting and design will be subject to City staff approval, and signs must conform to the Municipal Code.

3. Screening. All outdoor storage of materials or equipment shall be enclosed or screened to the extent and in the manner required by the City staff.

4. Landscaping. The Developer shall provide and maintain landscaping within the public rights-of-way and within setback area along all street frontages and conforming with the plans as hereafter approved by the City.

Landscaping shall consist of trees, shrubs and installation of an automatic irrigation system adequate to maintain such plant material. The type and size of trees to be planted, together with a landscaping plan, shall be subject to the City staff approval prior to planting.

5. Utilities. All utilities on the Site provided to service the units rehabilitated or reconstructed by the Developer shall be underground at Developer's expense.

6. Building Design. Buildings shall be constructed such that the Improvements shall be of high architectural quality, and shall be effectively and aesthetically designed and in conformance with City approvals.

B. Design Features:

The following design features are considered essential components to the Improvements:

Overall Design Quality, Materials, Colors, Design Features - Quality of design is important, materials and colors are to be approved by City.

Garages – Garage facilities (and not merely carports) shall be made available for each dwelling unit on Site.

Features Provided for in Approved Plans all features described or mentioned in the Approved Plans shall be provided. Such features shall include, without limitation: a community garden; ½ basketball court; paved and landscaped trail.

IV. DEMOLITION AND SOILS; DEMOLITION

The Developer assumes all responsibility for surface and subsurface conditions at the Site, and the suitability of the Site for the Improvements. The Developer has undertaken all investigation

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of the Site as it shall deem necessary and has not received or relied upon any representations of the Agency, the City, or their respective officers, agents and employees. In addition, the Developer shall be responsible for any and all demotion of such improvements as may exist on the Site as of the time it is conveyed to the Developer.

ATTACHMENT NO. 10

CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)

APN: _____)

(Space Above for Recorder's Use Only)

This document is exempt from the payment of a recording
fee pursuant to Government Code Section 27383.

CERTIFICATE OF COMPLETION

THIS CERTIFICATE OF COMPLETION (the "Certificate") is made by the **LOMA LINDA REDEVELOPMENT AGENCY**, a public body, corporate and politic (the "Agency"), in favor of **MAIN STREET DEVELOPMENT GROUP, LLC**, a California limited partnership (the "Developer"), as of the date set forth below.

R E C I T A L S

A. Agency and the Developer have entered into that certain Disposition and Development/Affordable Housing Agreement (the "DDA") dated March 1, 2006 concerning the redevelopment of certain real property situated in the City of Loma Linda, California, as more fully described in Exhibit "A" attached hereto and made a part hereof (the "Site").

B. As referenced in Section 4.13 of the DDA, Agency is required to furnish the Developer or its successors with a Certificate of Completion upon completion of construction of the "Improvements" (as defined in Section 1.1 of the DDA), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of San Bernardino County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the DDA.

C. Agency has conclusively determined that the construction and development of the Development has been satisfactorily completed.

NOW, THEREFORE, Agency hereby certifies as follows:

1. Agency does hereby certify that the Improvements to be constructed by the Developer has been fully and satisfactorily completed in full conformance with the DDA.

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2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Site, or any part thereof.

3. This Certificate shall not constitute evidence of Developer's compliance with those covenants in the DDA that survive the issuance of this Certificate.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA (including without limitation the attachments thereto).

IN WITNESS WHEREOF, Agency has executed this Certificate of Completion this ____ day of _____, 200__.

LOMA LINDA REDEVELOPMENT AGENCY, a
public body, corporate and politic

By: _____
Dennis R. Halloway, Executive Director

ATTEST:

Pamela Byrnes-O'Camb, Secretary

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EXHIBIT “A” TO ATTACHMENT NO. 10

LEGAL DESCRIPTION

[To Be Attached]

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ATTACHMENT NO. 11
CONDOMINIUM CC&RS

[To Come]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On ___, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

- ☐ personally known to me
-or-
☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ Individual
☐ Corporate Officer

Title(s)

- ☐ Partner(s) ☐ Limited
 ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On ___, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

- ☐ personally known to me
-or-
☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ Individual
☐ Corporate Officer

Title(s)

- ☐ Partner(s) ☐ Limited
 ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On ___, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

☐ personally known to me

-or-

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ Individual
☐ Corporate Officer

Title(s)

Title Or Type Of Document

- ☐ Partner(s) ☐ Limited
 ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above

ATTACHMENT NO. 12
INCOME VERIFICATION

Part I -- General Information

1. Project Location: _____
2. Seller's Name: _____

Part II -- Unit Information

- | | | | |
|-------------------|--------------------------|----------------------------|---------------------------|
| 3. Unit
Number | 4. Number of
Bedrooms | 5. Monthly
Housing Cost | 6. Number of
Occupants |
|-------------------|--------------------------|----------------------------|---------------------------|

Part III -- Affidavit of Purchaser

I, _____, and I, _____, as applicants for purchase of a
(House/Condominium) Unit at the above-described location, do hereby represent and warrant as
follows:

- A. (My/Our) gross income (anticipated total annual income) exceeds eighty percent (80%) but
does not exceed one hundred twenty percent (120%) of the median income for the San
Bernardino Primary Metropolitan Statistical Area as such income levels are established and
amended from time to time pursuant to Section 8 of the United States Housing Act of 1937
and published by the State Department of Housing and Community Development in the
California Code of Regulations. (I/We) understand that the applicable median income is
\$_____. The following computation includes all income (I/we) anticipate receiving for the
12-month period beginning on the date (I/we) execute a rental agreement for an Affordable
Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Purchaser(s)' Initials

- B. (My/Our) gross income (anticipated total annual income) **exceeds one hundred twenty
(120%)** of the median income for the San Bernardino Primary Metropolitan Statistical Area
as such income levels are established and amended from time to time pursuant to Section 8 of
the United States Housing Act of 1937 and published by the State Department of Housing
and Community Development in the California Code of Regulations. (I/We) understand that
the applicable median income is \$_____. The following computation includes all income
(I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a
rental agreement for an Affordable Unit or the date on which (I/we) will initially occupy such
unit, whichever is earlier.

Purchaser(s)' Initials

1. All homebuyers must complete the following:

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Monthly Gross Income (All Sources of Income of All Adult Household Members Must be Listed)

Source	Head of Household	Co-Occupants	Total
Gross amount, before payroll deductions of wages, salaries, overtime pay, commissions, fees, tips and bonuses			
Interest and/or dividends			
Net income from business or from rental property			
Social security, annuities, insurance policies, pension/retirement funds, disability or death benefits received periodically			
Payment in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay			
Alimony, child support, other periodic allowances			
Public assistance, welfare payments			
Regular pay, special pay and allowances of members of Armed Forces			
Other			

Total: _____

Total x 12 _____ = Gross Annual Household Income

Note: The following items are **not** considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payments such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses; educational scholarships paid directly to

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the student or educational institution; government benefits to a veteran for education; special pay to a serviceman head of family away from home and under hostile fire; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; relocation payments under Title II of Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; payments received pursuant to participation in the following programs: VISTA, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

2. This affidavit is made with the knowledge that it will be relied upon by the Seller and the Loma Linda Redevelopment Agency to determine maximum income for eligibility and (I/we) warrant that all information set forth in this document is true, correct and complete and based upon information (I/we) deem reliable and that the estimate contained in paragraph 1 of this Part III is reasonable and based upon such investigation as the undersigned deemed necessary.
3. (I/We) will assist the Seller and the Loma Linda Redevelopment Agency in obtaining any information or documents required to verify the statements made in this Part III and have attached hereto copies of federal income tax return for most recent tax year in which a return was filed (past two years federal income tax returns for self-employed persons).
4. (I/We) acknowledge that (I/we) have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of (my/our) agreement with the Seller to sell the unit and will additionally enable the Seller and/or the Loma Linda Redevelopment Agency to initiate and pursue all applicable legal and equitable remedies with respect to the unit and to me/us.

(I/We) do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Date

Purchaser

Date

Purchaser

Annual wages	_____
Overtime	_____
Bonuses	_____
Commissions	_____
Total current income	_____

Signature

Date

Title

_____ Signature	_____ Date
--------------------	---------------

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

ATTACHMENT NO. 13

AGENCY NOTE

PROMISSORY NOTE

_____, 2006
Loma Linda, California

\$(to come: conform to DDA text]

FOR VALUE RECEIVED, the undersigned MAIN STREET DEVELOPMENT GROUP, LLC, a California Limited Partnership, a California non-profit public benefit corporation (“Maker” or “Developer”), having its principal place of business at 100 West Broadway, Suite 1100, Sherman Oaks, California 91403, promises to pay to the order of LOMA LINDA REDEVELOPMENT AGENCY, a public body, corporate and politic (“Payee”), at 22541 Barton Road, Loma Linda, California 92354, or at such other place as the holder of this Note from time to time may designate in writing, the principal sum of \$(to come: conform to DDA text], together with interest on the unpaid principal amount of this Promissory Note (“Note”) from time to time outstanding at the Designated Rate which, unless otherwise determined under the “DDA” (as defined below), shall be equal to the “Applicable Interest Rate,” as defined in the DDA (herein, the “Interest Rate”) in lawful money of the United States of America. This Note is being delivered pursuant to the Disposition and Development/Affordable Housing Agreement dated as of March 1, 2006, between Maker and Payee (the “DDA”). The loan evidenced by this Note shall be governed by such provisions of the DDA (including without limitation the attachments thereto) as shall be applicable. All capitalized terms used herein shall have the meanings set forth therefor in the DDA. The amount of this Note is based upon the disbursement of moneys by Agency under Section 2.1.1 of the DDA. Interest shall accrue only on the amounts so disbursed.

1. Payments of Principal and Interest. Payments hereunder shall be due as set forth in Sections 2.5.1 and 2.5.2 of the DDA.

2. Other Loan Documents. Repayment of this Note is secured by a deed of trust (the “Deed of Trust”) of this date executed by Maker for the benefit of Payee encumbering the property described in the Deed of Trust (the “Property”).

3. Prepayment. Maker shall have the right to prepay amounts owing under this Note at any time.

4. Due on Sale or Encumbrance. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein, Payee shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term “Transfer” means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Property, granting of an option to purchase any portion of or interest in the Property or any interest therein, or the lease of all or substantially all of the Property or of all or substantially

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all of the improvements located thereon. Transfer shall not include the sale, transfer, assignment, pledge, hypothecation or encumbrance by Developer's limited partner of its partnership interest to the extent permitted by the DDA nor shall Transfer include the removal or any general partner of Developer by the limited partner for cause and the replacement of such removed general partner by another person or entity in accordance with the terms of the Developer's partnership agreement to the extent permitted by the DDA. "Transfer" shall not include the leasing of individual dwelling units on the Property so long as Trustor complies with the provisions of the Condominium CC&Rs the SFR CC&Rs, the Agency Deed and the DDA relating to such leasing activity. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

5. Subordination to Multifamily Note. [To come: it is contemplated that payment under this Note is to be subordinated to a loan made in connection with multifamily bonds].

6. Miscellaneous.

(a) Governing Law. All questions with respect to the construction of this Note and the rights and liabilities of the parties to this Note shall be governed by the laws of the State of California.

(b) Binding on Successors. This Note shall inure to the benefit of, and shall be binding upon, the successors and assigns of each of the parties to this Note.

(c) Attorneys' Fees.

(i) Maker shall reimburse Payee for all reasonable attorneys' fees, costs and expenses, incurred by Payee in connection with the enforcement of Payee's rights under this Note, including, without limitation, reasonable attorneys' fees, costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements or for enforcement of rights under any state or federal statute, including, without limitation, reasonable attorneys' fees, costs and expenses incurred to protect Payee's security and attorneys' fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) seeking relief from stay in a bankruptcy proceeding. The term "expenses" means any expenses incurred by Payee in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referred to above, including, without limitation, the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by Payee in connection with any such proceeding.

(ii) Payee shall also be entitled to its attorneys' fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is separate and several and shall survive the merger of this Note into any judgment on this Note.

(d) Entire Agreement. This Note and the relevant provisions of the DDA constitute the entire agreement and understanding between and among the parties in respect of the subject matter of such agreements and supercede all prior agreements and understandings with respect to such subject matter, whether oral or written.

(e) Time of the Essence. Time if of the essence with respect to every provision hereof.

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(f) Waivers by Maker. Except as otherwise provided in any agreement executed in connection with this Note, Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; and diligence in taking any action to collect any sums arising under this Note or in any proceeding against any of the rights or interests in or to properties securing payment of this Note.

(g) Non-waivers. No previous waiver and no failure or delay by Maker in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

(h) Non-recourse Liability of Developer. Notwithstanding anything to the contrary of this Note, neither Developer nor any of its partners shall be personally liable for any default, loss, claim, damage, expense or liability or any person and the sole remedy against Developer hereunder shall be limited to its interest in the Development.

MAIN STREET DEVELOPMENT GROUP, LLC,
a California Limited Partnership

By: Corporation for Better Housing,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Name: Charles Brumbaugh
Title: President

By: Lynx Realty & Management, LLC,
a California Limited Liability Company, its
Administrative General Partner

By: _____
Name: Charles Brumbaugh
Title: Managing Member

ATTACHMENT NO. 14
AGENCY DEED OF TRUST

Order No.
Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

Loma Linda Redevelopment Agency
22541 Barton Road
Loma Linda, California 92354
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)

This DEED OF TRUST, made as of _____, 2006, between

MAIN STREET DEVELOPMENT GROUP, LLC, a California limited partnership, a California non-profit public benefit corporation herein called TRUSTOR, whose address is:
15303 Ventura Blvd., Suite 1100, Sherman Oaks, California 91403

ALLIANCE TITLE COMPANY, a California corporation, herein called TRUSTEE, and

the LOMA LINDA REDEVELOPMENT AGENCY, a public body corporate and politic, herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Loma Linda, County of San Bernardino, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of \$[to come: conform to DDA text] with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

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COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	S. Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	S. Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	S. Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	S. Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	1964	149774			
						Series 5					

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA)
COUNTY OF _____) ss

Signature of Trustor

On _____ before me,

MAIN STREET DEVELOPMENT GROUP, LLC,
a California Limited Partnership

personally appeared _____,
personally known to me (or proved to me on the basis of
satisfactory evidence) to be the person(s) whose names(s) is/are
subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

By: Corporation for Better Housing,
a California nonprofit public benefit corporation
its Managing General Partner

By: _____
Name: Charles Brumbaugh
Title: President

WITNESS my hand and official seal

By: Lynx Realty & Management, LLC,
a California Limited Liability Company, its
Administrative General Partner

SIGNATURE _____

By: _____
Name: Charles Brumbaugh
Title: Managing Member

(This area for official notaries seal)

EXHIBIT “A”

LEGAL DESCRIPTION

[To Come]

EXHIBIT "B"

RIDER TO DEED OF TRUST

Exhibit B to Deed of Trust with Assignment of Rents dated as of _____, 2006, executed by MAIN STREET DEVELOPMENT GROUP, LLC, a California limited partnership, as "Trustor", to Alliance Title Company, a California corporation, as Trustee, for the benefit of Loma Linda Redevelopment Agency, a public body, corporate and politic, as "Beneficiary" ("Deed of Trust").

1. **DEFAULT - OTHER DEEDS OF TRUST, DEED, COVENANTS CONDITIONS AND RESTRICTIONS (CC&Rs) AND AGREEMENT.** A default under any of the following shall, at Beneficiary's option, constitute a default under this Deed of Trust:
 - (a) A default under that certain Disposition and Development/Affordable Housing Agreement ("Agreement") dated as of March 1, 2006, between Trustor and Beneficiary or any default under any Agency Note or Agency Deed of Trust delivered under the Agreement, whether senior or junior to this Deed of Trust (all capitalized terms not defined herein shall have the meanings established therefor under the Agreement);
 - (b) A default under the "Condominium CC&Rs" (as executed and recorded pursuant to the Agreement); or
 - (c) A default under the Agency Deed (as entered into pursuant to the Agreement).
2. **DEFAULT - DEED OF TRUST.** A default under this Deed of Trust shall, at Beneficiary's option, as appropriate, constitute a default under the deeds of trust or other instruments referenced in Paragraph 1(a) through (c), inclusive (collectively the "Other Deeds of Trust"), of this Rider.
3. **NON-IMPAIRMENT.** Except as supplemented and/or modified by this Deed of Trust, all of the terms, covenants and conditions of the Other Deeds of Trust and the other loan documents executed in connection therewith shall remain in full force and effect.
4. **DUE ON SALE OR ENCUMBRANCE.** In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term "Transfer" means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Property, granting of an option to purchase any portion of or interest in the Property or any interest therein, or the lease of all or substantially all of the Property or of all or substantially all of the improvements situated on the Property. "Transfer" shall not include the leasing of individual dwelling units on the Property so long as Trustor complies with the provisions of the Agreement relating to such leasing activity. Transfer shall not include the sale, transfer, assignment, pledge, hypothecation or encumbrance by Developer's limited partner of its

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partnership interest to the extent permitted by the DDA nor shall Transfer include the removal or any general partner of Developer by the limited partner for cause and the replacement of such removed general partner by another person or entity in accordance with the terms of the Developer's partnership agreement to the extent permitted by the DDA. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

5. **PRIORITY OF DEED OF TRUST.** This Deed of Trust is subject and subordinate to the following:

(i) the Agency Deed; (ii) the Bond Regulatory Agreement; and (iii) the Condominium CC&Rs.

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

G. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) to pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation thereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To Pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

H. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

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(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance or any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such

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successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD REQUEST FOR FULL RECONVEYANCE

TO ALLIANCE TITLE COMPANY, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated: _____

Please mail Deed of Trust,
Note and Reconveyance to

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

DEED OF TRUST
with power of sale

Alliance Title Company
TRUSTEE

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ATTACHMENT NO. 15

CONDOMINIUM HOMEBUYER LOAN AGREEMENT

[To come]

ATTACHMENT NO. 15

CONDOMINIUM HOMEBUYER LOAN AGREEMENT

THIS CONDOMINIUM HOMEBUYER LOAN AGREEMENT (the "Agreement") is made this ____ day of _____, 200__ by and between _____, _____ (collectively, "Program Participant" or "Trustor") and the LOMA LINDA REDEVELOPMENT AGENCY, a public body corporate and politic (the "Agency" or "Beneficiary").

R E C I T A L S

A. The Agency entered into an agreement (the "Affordable Housing Agreement", dated as of March 1, 2006) with Main Street Development Group, LLC, a California limited liability company (the "Seller") under which Seller purchased certain property from the Agency and was required to develop sixty-two (62) dwelling units, including twenty-five (25) condominium units thereon.

B. Owner has constructed twenty-five (25) condominium units pursuant to the Affordable Housing Agreement.

C. Program Participant has entered into an agreement with the Seller (the "Purchase Agreement") to purchase one of the condominium units, namely that certain real property commonly known as _____, Loma Linda, California, and more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Condominium Property").

D. Program Participant requires assistance to purchase the Condominium Property and would not be able to purchase the Condominium Property without such assistance. Program Participant is a moderate income household and currently earns less than one hundred twenty percent (120%) of the current annual median income for the San Bernardino County area, as those terms are defined by California Health and Safety Code Sections 50093 and 50052.5.

E Program Participant has represented to the Agency and to the Seller that Program Participant and Program Participant's immediate family intend to reside in the Condominium Property at all times throughout the term of this Agreement.

F. The Agency desires to assist persons of moderate income to purchase residential property as part of its efforts to increase, improve, and preserve moderate income housing available at an affordable housing cost within the City of Loma Linda (the "City").

G. The Agency wishes to lend, and Program Participant wishes to borrow, funds to assist Program Participant to purchase the Condominium Property upon the terms and conditions set forth herein.

H. Program Participant represents and warrants to Agency that Program Participant and Program Participant's immediate family intend to reside in the Condominium Property as the family's principal residence at all times during the period of Program Participant's ownership of the Condominium Property.

I. For an approximately 45-year period as more particularly delineated herein (the "Affordability Period"), the Condominium Property may only be transferred to Moderate Income

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Households at an Affordable Housing Cost ("Eligible Persons and Families") which transferee(s) execute agreements with the Agency substantially in the form of this Agreement along with the attachments hereto, or assumptions in form acceptable to and approved by Agency.

NOW, THEREFORE, for good and valuable consideration the parties agree as follows:

1. HOMEBUYER SECOND LOAN. In connection with the purchase of the Condominium Property by the Program Participant from the Seller, the Agency shall be deemed to have loaned to Program Participant the aggregate amount of One Hundred Thousand Dollars (\$100,000.00), which loan is referred to herein as the "Homebuyer Second Loan". No money will be disbursed by the Agency in connection with the Homebuyer Second Loan; the Homebuyer Second Loan represents the equity in the Condominium Property provided by the efforts of the Agency and the City of Loma Linda ("the "City") and reflects the difference between (i) the fair market value of the Condominium Property as of the date of the Purchase Agreement and (ii) the purchase price of Three Hundred Twenty Five Thousand Dollars (\$325,000) (the "Original Homebuyer Purchase Price") under the purchase agreement between the Program Participant and Seller dated as of _____, 200__ (the "Purchase Agreement").

Prior to the conveyance of the Condominium Property to Program Participant by Seller, Program Participant shall execute and deliver to the Agency a promissory note in favor of the Agency as holder, in the form of the "Homebuyer Agency Note" attached hereto as Exhibit "B" and incorporated herein. Program Participant shall also execute and deliver to the Agency a deed of trust, duly recorded, encumbering the Condominium Property which shall secure the Homebuyer Agency Note (the "Homebuyer Second Deed of Trust"), in the form of Exhibit "C" attached hereto and incorporated herein. The terms of the Homebuyer Agency Note are set forth in subsections (a), (b) and (c) of this Section 1. In addition, Program Participant shall execute and deliver to the Agency, duly recorded, the "Homebuyer Acknowledgment of Covenants" (in the form of Exhibit "H" to this Agreement), duly recorded. By this agreement and under the Homebuyer Acknowledgment of Covenants, the Program Participant agrees that the Condominium Property is subject to and Program Participant agrees to comply with each of (i) the "Agency Deed" (as recorded as Document No. _____ among the official land records of the County Recorder of the County of San Bernardino), and (ii) the "Resale Restriction Agreement" (as recorded as Document No. _____ among the official land records of the County Recorder of the County of San Bernardino). Program Participant agrees and acknowledges that Program Participant has been provided with and has reviewed a copy of each of the Agency Deed, the Condominium CC&Rs; the Resale Restriction Agreement and each and every document referenced therein.

(a) Homebuyer Agency Note. Program Participant shall execute, as maker, and deliver to Agency, a promissory note in favor of Agency, as holder, in the form of Exhibit "B" (the "Homebuyer Agency Note") attached hereto and incorporated herein by this reference. As more particularly provided in the Homebuyer Agency Note, the essential terms and conditions of the Homebuyer Agency Note are as follows:

(i) Homebuyer Agency Note Provisions. The Homebuyer Agency Note shall be for the original principal amount of One Hundred Thousand Dollars (\$100,000.00) (the "Homebuyer Agency Note Amount"). Payment shall be secured by the Homebuyer Second Deed of Trust. The Homebuyer Agency Note shall contain the following provisions:

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(aa) Interest Rate. The Homebuyer Agency Note Amount shall accrue no (0%) interest unless and until an event of acceleration occurs as set forth in Section 1(a)(i)(cc), in which event an “Equity Share Amount” as described in Section 1(c) hereof shall become due and payable by the Program Participant. The Homebuyer Agency Note shall, however, include provisions for equity share payments as referenced in subsection (c) of this Section 1.

(bb) Time of Payment. In the event that Program Participant is in compliance with all of the requirements of this Agreement and the Homebuyer Agency Note Amount has not earlier become due and payable, as provided in Paragraph (cc) below, the Homebuyer Agency Note Amount shall be due and payable on the forty-fifth (45th) anniversary of the date of the Homebuyer Agency Note.

(cc) Acceleration. The whole of the Homebuyer Agency Note Amount, the Equity Share Amount, and all other payments due hereunder shall become due and immediately payable to Agency by Program Participant upon the occurrence of any one of the following events of acceleration:

(1) Program Participant sells or transfers the Condominium Property (or any part thereof) by any means, including, without limitation, the lease, exchange or other disposition of the Condominium Property or any interest therein, whether voluntary or involuntary, except (A) a sale of the Condominium Property to a qualified Moderate Income Household at an Affordable Housing Cost with Agency’s prior written approval accomplished in strict conformity with this Agreement, or (B) the transfer of the Condominium Property solely as a result of the marriage, divorce, incompetence or death of one or more individuals constituting Program Participant, so long as the transferee(s) give written notice supported by reasonable evidence of such event to Agency within thirty (30) days of its occurrence and the transferee(s) assume Program Participant’s obligations under this Agreement, by execution of an assignment and assumption agreement to be provided by Agency, or (C) a sale or transfer which under federal law would not, by itself, permit Agency to exercise a due on sale or due on encumbrance clause;

(2) Program Participant is in violation of this Agreement, the Resale Restriction Agreement, the Homebuyer Agency Note or the First Trust Deed Loan.

(3) Program Participant fails to occupy the Condominium Property as Program Participant’s principal residence or is in default of any other obligation under this Agreement.

At the request of Program Participant, and for a specific occasion, Agency may, in its sole and absolute discretion, in writing waive the requirements of this subsection (cc) and defer repayment and/or extend the term of the Homebuyer Agency Note Amount. Any waiver or deferment shall be on a case by case basis, and no future rights for waiver or deferment shall arise or be implied.

(dd) Security. Payment under the Homebuyer Agency Note, shall be secured by a deed of trust and rider thereto encumbering the Condominium Property, substantially in the form attached hereto as Exhibit “C” hereto (the “Homebuyer Second Deed of Trust”). The Homebuyer Second Deed of Trust shall be executed by Program Participant, as trustor, in favor of

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Agency, as beneficiary. The Homebuyer Second Deed of Trust shall be subordinate to only to: (i) a Declaration of Conditions, Covenants and Restrictions recorded on _____, 2006 as Document No. _____ among the official land records of the County of San Bernardino (the "Condominium CC&Rs") and (ii) a first deed of trust securing payment of a purchase money loan by an institutional lender in an amount approved by the Agency (the "First Deed of Trust").

(ee) No Subordination Except to First Deed of Trust. The lien that secures payment under the Homebuyer Agency Note shall not be subordinate to any deed of trust other than the First Deed of Trust.

(ff) Prepayment. Program Participant may prepay amounts under the Homebuyer Agency Note. However, notwithstanding the making of any prepayments, the Program Participant (and any successors) shall remain responsible for Equity Share Payments to the Agency. In any event, the restrictions of the Condominium CC&Rs shall continue in full force and effect, notwithstanding any such prepayment or other payments without regard to amount.

(gg) Assumption Under Homebuyer Agency Note. The Homebuyer Agency Note may be assumed only by a qualified subsequent purchaser of the Condominium Property which purchaser has obtained the prior written approval of the Agency.

(hh) [Intentionally Omitted].

(ii) Participant's Waivers. Program Participant waives any rights to require Agency to: (i) demand payment of amounts due (known as "presentment"), (ii) give notice that amounts due have not been paid (known as "notice of dishonor") and (iii) obtain an official certification of nonpayment (known as "protest").

(b) Repayment Under the Homebuyer Agency Note. If there is an event of acceleration pursuant to Section 1(a)(i)(cc)(1) above, Program Participant shall pay amounts due under the Homebuyer Agency Note.

(i) Homebuyer Agency Note Amount Due In Full. The whole of the Homebuyer Agency Note Amount, including without limitation the Equity Share Amount, shall be due in full when an event of acceleration occurs. The process shall be repeated and the whole of the Homebuyer Agency Note Amount, including without limitation the Equity Share Amount, shall be due and payable upon each and every occurrence of an event of acceleration which takes place during the Affordability Period. After paying all costs and fees relating to the transaction, if any (such as escrow fees, transfer taxes, recording fees, brokerage commissions and similar costs), the proceeds of any such transaction (or, in the case of any event of acceleration other than a sale, an amount representing the appraised value of the Condominium Property as determined by an appraiser retained for such purpose by the Agency) shall be distributed or applied in the following order of priority:

- (aa) Repayment under the First Trust Deed Loan;
- (bb) Repayment to Agency of the principal amount due under the Homebuyer Agency Note;

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(cc) Payment to Agency of all other amounts due under the Homebuyer Agency Note;

(dd) Payment to Agency of any other amounts due under the Condominium Homebuyer Loan Agreement; and

(ee) Payment to the Program Participant of any equity share allocable to Program Participant.

(c) Equity Share Amount(s). In the event the Homebuyer Agency Note Amount becomes due and payable pursuant to Section 1 above, Trustor shall pay to Beneficiary the “Equity Share Amount”, as hereafter defined. An Equity Share Amount shall be payable each and every time an event described in Section 1(a)(i)(cc)(1) occurs during the Affordability Period.

(1) Calculation of Equity Share Amount. The “Equity Share Amount” means an amount equal to a percentage share of the appreciation of the Condominium Property determined by multiplying a variable percentage factor (“Variable Applicable Factor”) by the difference between the Sales Price and the Purchase Price.

(2) Variable Applicable Factor Calculation. The Variable Applicable Factor shall be calculated by dividing the Beneficiary’s total initial equity contribution (“Agency Contribution”) by the sum of the Agency Contribution plus the Trustor’s total initial equity contribution (“Participant Contribution”). In other words the Agency Contribution shall be the numerator, and the sum of the Agency Contribution plus the Participant Contribution shall be the denominator of a fraction that equals a percentage that is the Variable Applicable Factor (subject to subsection (i)).

$$\text{Variable Applicable Factor} = \frac{\text{Agency Contribution}}{\text{Agency Contribution} + \text{Participant Contribution}}$$

For example, if the Agency Contribution equals \$100,000 (for purposes of illustration), the Participant pays \$25,000 cash down at closing and \$150,000 is disbursed to Agency at closing from the first trust deed loan (without regard to any other payments made by Developer to Agency), then the Variable Applicable Factor would equal 36.36% (\$100,000 divided by the sum of \$100,000 plus \$175,000).

$$36.36\% \text{ (Variable Applicable Factor)} = \frac{\$100,000 \text{ (Agency Contribution)}}{\$100,000 \text{ (Agency Contribution)} + \$175,000 \text{ (Participant Contribution)} = \$275,000}$$

The “Agency Contribution” is the sum of the following amounts contributed by Beneficiary to the value of the Condominium Property, determined as follows: (i) principal amount of the Promissory Note Amount; (ii) the Affordable Housing Cost Subsidy, as hereinafter defined, to the extent not already counted within the principal amount of the Homebuyer Agency Note Amount; and (iii) the principal amount(s) of any other loan(s) or subsidy(ies) provided by the Agency (or City).

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The “Participant Contribution” is the sum of the following amounts contributed by Trustor to the value of the Condominium Property: (i) Trustor’s cash down payment plus Trustor’s portion of closing costs; and (ii) that portion of the first trust deed loan as is disbursed to the Agency in connection with Trustor’s purchase of the Condominium Property.

The “Purchase Price” is the original purchase price paid by Program Participant (or trustor as the qualified successor owner of the Condominium Property) to the seller of the Condominium Property (“Seller”) for Seller’s interest in the Condominium Property, exclusive of escrow fees, title insurance costs, broker’s commissions, loan fees or any other closing or transaction costs. Subject to the provisions set forth hereinbelow, the value of Qualified Capital Improvements shall be added to the Purchase Price when calculating the Equity Share Amount(s).

The “Sales Price” is the price to be paid by the prospective buyer of the Condominium Property (“Buyer”) to Program Participant (or trustor as the qualified successor owner of the Condominium Property) for Program Participant’s (or Trustor’s) interest in the Condominium Property, exclusive of reasonable escrow fees, title insurance costs, broker’s commissions, loan fees or any other closing or transaction costs. The Sales Price shall be established in conformity with subsection (h)(i) hereof. In the event of Program Participant’s (or Trustor’s) refinancing, failure to occupy, or default, the “Sales Price” shall be established in conformity with subsection (h)(ii) hereof.

The “Affordable Housing Cost Subsidy” is an amount of subsidy Agency has provided to Trustor by making the Condominium Property available for purchase at a price which constitutes Affordable Housing Cost. The Affordable Housing Cost Subsidy is deemed to equal the difference between: (i) the sum of _____ Thousand Dollars (\$ _____), which amount is deemed to represent the “Deemed Value” of the Condominium Property and (ii) the Original Homebuyer Purchase Price.

Notice to Agency. Program Participant (or Program Participant’s heirs following the death of Program Participant) agrees to notify Agency not less than thirty (30) days prior to (i) the opening of escrow for the sale of the Condominium Property, (ii) the signing of any agreements or documents related to the transfer, including, without limitation, lease, exchange or other disposition of any interest in the Condominium Property, (iii) any proposed refinancing, or (iv) the close of Program Participant’s probate estate. Nothing in this Section 1(c), however, shall be construed to authorize the Condominium Property to be leased or rented.

(3) Using the Variable Applicable Factor to Determine the Equity Share Amount. The Equity Share Amount is calculated by multiplying the Variable Applicable Factor by the difference between the Sales Price and the Purchase Price. For example, if the Variable Applicable Factor equals 36.36%, the Equity Share Amount would then equal 36.36% (Variable Applicable Factor) x (Sales Price minus the Purchase Price).

In the above example, if the Sales Price equals \$500,000 and the Purchase Price (for a sale occurring prior to the fifth anniversary of the acquisition of the Condominium Unit by the original owner and assuming no Qualified Capital Improvements) equals \$325,000, the Equity Share Amount would equal \$63,630 (36.36% x (\$500,000 minus \$325,000)). Note: the setting forth of the examples herein does not indicate that such sales are permitted; the restrictions as to affordable housing cost and moderate income households are set forth in the Agreement and the Condominium CC&Rs will apply.

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36.36% (Variable Applicable Factor) x \$175,000 (Sales Price – Purchase Price) = \$63,630 (Equity Share Amount).

Using the same example but assuming that the sale takes place after the fifth and prior to the sixth anniversary of the acquisition of the Condominium Unit by the original owner, the Equity Share Amount would equal \$61,880 (35.36% Variable Rate Factor [36.36 – 1 = 35.36] x \$175,000 [Sales Price – Purchase Price] = \$61,880 [Equity Share Amount]).

(4) Calculation of Equity Share Amount for Subsequent Buyers (Participants). If pursuant to the Agreement, a Buyer has fully assumed the Trustor's obligations under the Agreement, the Homebuyer Agency Note and the Homebuyer Second Deed of Trust, and such Buyer causes an event of acceleration to occur, the Equity Share Amount to be paid by such Buyer shall be calculated by multiplying the Variable Applicable Factor, established in (b) above, by the difference between the Sales Price, established in conformity with (h) hereof, and the Purchase Price.

(5) Credits for Trustor. Notwithstanding the foregoing portion of this Section 1(c), in calculating the Variable Applicable Factor, in the event the Program Participant occupies the Condominium Unit in conformity with each of the Condominium Homebuyer Loan Agreement, the Condominium CC&Rs and the Resale Restriction Agreement for a period of not less than five (5) years (measured by anniversary of the date of acquisition of the corresponding Condominium Unit by such Program Participant), the Variable Applicable Factor shall be reduced by one (1) percentage point. Thereafter, for each additional year that such Program Participant remains in conforming occupancy of the Condominium Unit, the Variable Applicable Factor shall be reduced by two-tenths of one percentage point (.2). In the event of a change of ownership of the Condominium Unit, the Variable Applicable Factor shall revert to the original percentage (as set forth in the illustrative example above, ninety-one and three tenths percent [36.36%]), and the process for the availability of credits in respect to conforming occupancy of the Condominium Unit shall be repeated in the manner described in the foregoing portion of this subsection (5).

(6) Qualified Capital Improvements. The value of any Qualified Capital Improvements completed by Trustor during Trustor's ownership of the Condominium Property shall be added to the Purchase Price when calculating the Equity Share Amount only if, not later than thirty (30) days prior to the Event of Acceleration causing the Equity Share Amount to become immediately due and payable pursuant to Section 1 hereof, Trustor submits the following to Beneficiary: (i) an itemized list of the Qualified Capital Improvements, (ii) reliable proof of completion of the Qualified Capital Improvements (as evidenced e.g., by final building permits, certificate of completion or original paid invoices or construction contracts), and (iii) an appraisal from a certified appraiser, in form and substance reasonably acceptable to the Executive Director, the conclusion of which is that the Qualified Capital Improvements have added the stated amount to the fair market value of the Condominium Property.

If, within (30) days of receipt of the information concerning the Qualified Capital Improvements, Beneficiary questions the claimed increase in the value of the Condominium Property by reason of said Qualified Capital Improvements, Beneficiary and Trustor may, by mutual agreement, establish the value of the Qualified Capital Improvements or Beneficiary may require an appraisal of the Condominium Property, at Trustor's expense, by a second independent certified

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appraiser appointed by the Beneficiary to determine the fair market value of the Qualified Capital Improvements.

(dd) Determination of Sales Price; Appraisal.

(1) Upon Sale of the Condominium Property. In the event of a proposed sale of the Condominium Property by the Program Participant and not less than thirty (30) days after Agency receives actual notice of the opening of escrow in connection therewith, the Agency may elect to appoint a certified, independent appraiser to conduct an appraisal of the Condominium Property, at Program Participant's expense, to assist Agency in determining if the Sales Price is at or near the fair market value of the Condominium Property at such time. If the Sales Price is determined by the appraisal to be three percent (3%) or more below the fair market value of the Condominium Property as estimated in said appraisal, then the "Sales Price" for purposes of determining the Equity Share Amount shall be the fair market value of the Condominium Property established in said appraisal.

(2) Upon Refinancing/Failure to Occupy/Default. In the event of failure to occupy the Condominium Property in accordance with the Agreement, or default or breach of any provision of the Agreement which causes the Equity Share Amount to become immediately due and payable, the "Sales Price" for purposes of determining the Equity Share Amount shall be determined by an appraisal of the Condominium Property. Agency shall appoint a certified independent appraiser to conduct an appraisal of the Condominium Property, at Program Participant's expense. Program Participant agrees that in such event the Equity Share Amount shall be the Applicable Factor multiplied by the difference between the Original Purchase Price and "Sales Price" as established by the appraised value of the Condominium Property at the time of such refinancing, failure to occupy, or default of the Agreement.

(3) Appraisal Cost. In the event Program Participant fails to pay for the costs of any appraisal(s) required by this Section 1, the unpaid amount(s) shall constitute a lien against the Condominium Property.

(ee) **Program Participant's Acknowledgment of Equity Share Amount. PROGRAM PARTICIPANT ACKNOWLEDGES AND AGREES THAT UPON EACH SALE, TRANSFER OR REFINANCING OF THE CONDOMINIUM PROPERTY OR OTHER EVENT OF ACCELERATION, PROGRAM PARTICIPANT SHALL PAY TO AGENCY A EQUITY SHARE AMOUNT EQUAL TO A PERCENTAGE SHARE OF THE APPRECIATION OF THE CONDOMINIUM PROPERTY AS CALCULATED PURSUANT TO THIS SECTION 1.**

PROGRAM PARTICIPANT'S INITIALS: _____ / _____

2. Maintenance of Condominium Property; Insurance. Program Participant shall maintain the improvements and landscaping on the Condominium Property in the manner prescribed by the Condominium CC&Rs and the Resale Restriction Agreement. Program Participant shall maintain, during the term of the Agency Homeowner Loan, an all risk property insurance policy insuring the Condominium Property in an amount equal to the full replacement value of the structures on the Condominium Property. The policy shall name Agency as loss payee and shall contain a statement of obligation on behalf of the carrier to notify Agency of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of

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such material change, cancellation or termination. Program Participant shall transmit a copy of the certificate of insurance and loss payee endorsement to Agency within thirty (30) days of the effective date of this Agreement, and upon request by Agency, Program Participant shall transmit to Agency further copies of the certificate of insurance and a loss payee endorsement. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Agency at the address set forth in Section 24 hereof. Any certificate of insurance must be in a form, content, and with companies reasonably acceptable to Agency.

3. Due on Sale, Transfer or Refinancing. Program Participant agrees to notify the Agency not less than thirty (30) days prior to (i) the sale or transfer of the Condominium Property or (ii) any refinancing of the lien of the Homebuyer Deed of Trust or any lien on the Condominium Property. The Agency Homebuyer Loan and all interest accrued thereon shall be due and payable upon (i) such sale or transfer, (ii) the refinancing of any lien against the Condominium Property, or (iii) Program Participant is no longer an occupant of the Condominium Property pursuant to Section 5 of this Agreement or is in material default of any other obligation pursuant to this Agreement. If the Agency is asked to forbear from enforcing the due-on-sale clause or to allow the assumption of the loan evidenced by the Homebuyer Agency Note, the party or parties so requesting shall prepare and submit to the Agency a complete package containing all information necessary to demonstrate and verify the income of the proposed transferee, the proposed housing cost, and all other information reasonably requested by the Executive Director or which would have been required had such proposed transferee attempted to qualify as original Program Participant under the terms of the Agreement. At the request of Program Participant, the Agency may, in its sole discretion, waive the requirements of this Section 3 and extend the term of that of the Homebuyer Agency Note.

4. Sale to Moderate Income Household. For a period ("Affordability Period") commencing upon the date of the recording of the Condominium CC&Rs and terminating on the forty-sixth (46th) anniversary thereof ("Affordability Period Termination Date"), the Agency Homeowner Note Amount will not become due and payable if, in strict conformity with all requirements of this Agreement, Trustor sells or otherwise conveys the Condominium Property to a Moderate Income Household at an Affordable Housing Cost ("Eligible Persons and Families"), and the purchaser assumes the Agency Homeowner Note and the Agreement by an assignment and assumption agreement which is acceptable to the Beneficiary. Each purchaser shall be a Moderate Income Household, purchasing at an Affordable Housing Cost ("Eligible Persons and Families"), and which executes and delivers to Agency agreements with the Agency substantially in the form of this Agreement along with the attachments hereto, or assumptions in form acceptable to and approved by Agency.

"Moderate Income" or "Moderate Income Households" shall mean and include: Moderate Income Households as defined in Health & Safety Code Section 50093. Moderate Income Households includes Moderate Income Households as defined under Health & Safety Code section 50093; low income households, as defined in Health & Safety Code Section 50079.5; very low income households, as defined in Health & Safety Code Section 50105; and extremely low income households, as defined in Health & Safety Code Section 50106; provided that in each event, the housing cost must be "Applicable Housing Cost" as defined below.

"Affordable Housing Cost" means as follows:

"Affordable Housing Cost" for each such subsequent owner (namely, Program Participant and all successors thereto during the 45-year Affordability Period) shall be as defined in

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Health & Safety Code Section 50052.5 (or its successor statute) and the implementing regulations thereto promulgated by the Housing and Community Development Department of the State of California. As of the date of the Agreement, Affordable Housing Cost means: (i) for a Moderate Income Household having an income above eighty percent (80%) of Median Income, a monthly housing cost of not less than twenty-eight percent (28%) of Median Income and not greater than thirty-five percent (35%) of one hundred ten percent (110%) of Median Income adjusted for family size appropriate to the unit; (ii) for a Low Income Household, a monthly housing cost which does not exceed thirty percent (30%) of seventy percent (70%) of Median Income adjusted for family size appropriate to the unit; and (iii) for a Very Low Income Household, a monthly housing cost which does not exceed thirty percent (30%) times fifty percent (50%) of Median Income adjusted for family size appropriate to the unit. Pursuant to Section 50052.5, if the Condominium Property has three bedrooms the presumed household size for purposes of the Agreement is four persons.

Subject to the prior written approval of the Agency having first been obtained, if the Condominium Property is sold during the Affordability Period by the Trustor to a Moderate Income Household, and the Sales Price does not exceed an "Affordable Housing Cost" to such Buyer, then so long as the Trustor is not in default of the Agreement, the Agency Homebuyer Note may be assumed by the Eligible Buyer by an assignment and assumption agreement which is acceptable to the Beneficiary. Upon the effective date of such assignment and assumption with the prior written approval of the Agency (which approval may require payment of an Equity Share), the assigning Trustor shall no longer be liable for any further obligations under the Agreement or the Agency Homebuyer Note which accrue after the date of such assignment and assumption. In order to verify the buyer's status as a Moderate Income Household, Trustor shall submit to the Agency the identity of the proposed buyer and adequate information evidencing the income and household size of the proposed buyer. Said income information shall be submitted together with the notice of proposed sale pursuant to Section 2 of the Agreement not less than thirty (30) days prior to opening of escrow for the proposed sale and shall include original or true copies of pay stubs, income tax records or other financial documents in order that the Agency may determine and verify the household income of the proposed buyer to determine whether the buyer is a Moderate Income Household and whether the Condominium Property is being transferred to such buyer at Affordable Housing Cost. If the Agency is unable to verify the buyer's income as provided herein prior to the proposed sale, then the buyer's income shall be deemed to exceed the maximum allowable income limit for Eligible Persons and Families.

The income of co-signers (individuals who sign only the Homebuyer Senior Promissory Note) and co-mortgagors (individuals who sign both the Homebuyer Senior Promissory Note and the grant deed) will be included for determining whether Program Participant is a Moderate Income Household, if such co-signers and co-mortgagors are part of Program Participant's household and are residing in the Condominium Property.

5. Occupancy Standards. The Property shall be used as the personal residence of Program Participant and Program Participant's immediate family and for no other purpose. Program Participant shall not enter into an agreement for the rental or lease of the Condominium Property. The number of persons residing in the Condominium Property shall be limited to the product of the number of bedrooms in the Condominium Property multiplied by two, plus one. (For example, a two bedroom Condominium Unit would be limited to occupancy by five persons, a three bedroom Condominium Unit would be limited to occupancy by seven persons, etc.) Program Participant shall, upon demand by Agency, submit to Agency an affidavit of occupancy verifying Program

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Participant's compliance with this Section 5. Such affidavit may be required by Agency on an annual basis.

6. Income Information. Program Participant has submitted an eligibility verification form to the Agency prior to execution of this Agreement. Program Participant represents and warrants to the Agency that all information Program Participant has provided and will provide in the future is and will be true, correct and complete. Program Participant acknowledges that the Agency is relying upon Program Participant's representations that Program Participant's income does not exceed one hundred twenty percent (120%) of the area median income and would not have entered into this Agreement if Program Participant's income exceeded one hundred twenty percent (120%) of the area median income.

7. Loan Servicing. The Agency may contract with a private lender to originate and service the Agency Homebuyer Loan.

8. Married Sole and Separate Property. An individual taking title in this manner is subject to special requirements because of California Community Property Laws and the Internal Revenue Code. If Program Participant is legally separated, or has filed for divorce and a legal property disposition agreement exists between Program Participant and Program Participant's spouse, a quitclaim deed from Program Participant's spouse and a copy of the property disposition agreement may be required by Agency. In the absence of an existing legal property disposition agreement between Program Participant and Program Participant's spouse, as a condition of approval of Agency Homebuyer Loan, a quitclaim deed, a special agreement and a release of interest signed by both Program Participant and Program Participant's spouse, after consultation with an attorney, may be required by Agency. Additionally, if Program Participant's spouse is to reside in the household, their combined income must be included in the income test for eligibility under this Agreement.

9. [Intentionally Omitted].

10. Covenants. Program Participant and the Agency shall execute and cause to be recorded among the official land records of San Bernardino County, California, the Resale Restriction Agreement an "Acknowledgment of Declaration of Conditions, Covenants and Restrictions for Condominium Property", substantially in the form of Exhibit D attached hereto and incorporated herein, in which Program Participant acknowledges the CC&Rs and agrees that the Condominium Property shall only be owned by Program Participant or other persons or families of moderate income available at an affordable housing cost, as those terms are defined in California Health & Safety Code Sections 50093 and 50052.5, and that Program Participant shall not discriminate against any person or group of persons on the basis of race, color, religion, sex, marital status, national origin or ancestry.

11. Indemnification. The Program Participant shall defend, indemnify and hold harmless the Agency and the City of Loma Linda and their respective officers, agents, employees, representatives and volunteers from and against any loss, liability, claim or judgment relating in any manner to the Condominium Property or this Agreement. The Program Participant shall remain fully obligated for the payment of property taxes and assessments related to the Condominium Property. There shall be neither reduction in taxes for Program Participant, nor any transfer of responsibility to the Agency or the City to make such payments, by virtue of the moneys loaned as evidenced by the Homebuyer Agency Note.

12. [Intentionally Omitted].

13. Defaults. Failure or delay by either party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period and thereafter diligently pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

14. Remedies. Agency shall be entitled to all legal and equitable remedies available under the law upon the default of the terms of this Agreement by Program Participant. Such remedies may include, without limitation, (a) specific performance of the terms of the Agreement, (b) disgorgement of any amount of consideration received for the Condominium Property that exceeds an Affordable Housing Cost, and (c) an order to pay attorneys' fees, as set forth in Section 25 herein.

15. Non Waiver. Failure to exercise any right Agency may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

16. Documents. Program Participant is aware that the Agency has prepared certain documents to implement the Program and secure repayment of the Agency Homebuyer Loan. Program Participant has reviewed and agrees to execute the following documents prior to receiving the Agency Homebuyer Loan:

- (a) Disclosure Statement (Exhibit "F");
- (b) Homebuyer Agency Note (Exhibit "B");
- (c) Homebuyer Second Deed of Trust (Exhibit "C");
- (d) Acknowledgment of Declaration of Conditions, Covenants and Restrictions of Property (the "Acknowledgment") if prepared by the Agency; and
- (e) Resale Restriction Agreement (Exhibit "E").

Program Participant agrees and acknowledges that each of the Homebuyer Second Deed of Trust, as well as the Resale Restriction Agreement shall be recorded with the County Recorder of the County of San Bernardino and, along with the Condominium CC&Rs, shall appear of record with respect to and as encumbrances to the Condominium Property.

17. Further Assurances. The Program Participant shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the Agency

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shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

18. Governing Law. The Program Participant hereby agrees to comply with all ordinances, rules, and regulations of Agency and the City of Loma Linda ("City"). Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any City ordinance, rule, or regulation. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of San Bernardino, State of California, or in the Federal District Court in the Central District of California.

19. Amendment of Agreement. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Program Participant and Agency.

20. Agency May Assign. Agency may, at its option, assign its right to receive repayment of the loan proceeds without obtaining the consent of the Program Participant.

21. Program Participant Assignment Prohibited. In no event shall Program Participant assign or transfer any portion of this Agreement without the prior express written consent of the Agency, which consent may be given or withheld in the Agency's sole discretion. No assumption of the loan made by Agency as evidenced by the Homebuyer Agency Note shall be permitted at any time. This section shall not prohibit the Agency's right to assign all or any portion of its rights to the loan proceeds hereunder.

22. Relationship of Program Participant and Agency. The relationship of Program Participant and Agency pursuant to this Agreement is that of debtor and creditor and shall not be, or be construed to be a joint venture, equity venture, partnership, or other relationship.

23. Monitoring. To the extent permitted by law, Agency and its designated employees and agents shall have the right to enter the Condominium Property at all reasonable times without a warrant for the purpose of monitoring Program Participant's compliance with this Agreement. Any such entry shall be made only after reasonable notice to Program Participant, which shall mean at least forty-eight (48) hours in all non-emergency situations. Upon receipt of such notice, Program Participant agrees to consent to entry by Agency and to cooperate in making the Condominium Property available for inspection by Agency. Program Participant acknowledges and agrees that if for any reason Program Participant fails to consent to such entry or inspection, Agency may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain access to and inspect the Condominium Property. Agency shall indemnify and hold harmless Program Participant from any costs, claims, damages or liabilities pertaining to any such entry.

24. Notices. Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Program Participant: _____

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To Agency: Loma Linda Redevelopment Agency
25541 Barton Road
Loma Linda, California 92354
Attention: Executive Director

Either party may change its address for notice by giving written notice thereof to the other party.

25. Attorneys' Fees and Costs. Should either of the parties to this Agreement incur attorneys' fees in seeking the enforcement of this Agreement, whether or not a final court judgment is entered, the prevailing party shall be entitled to reimbursement of its reasonable attorneys' fees and litigation costs, including without limitation expert witness fees, by the other party.

26. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between the Agency and the Program Participant concerning all or any part of the subject matter of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

“PROGRAM PARTICIPANT”

By: _____

Printed Name: _____

Dated: _____, 200__

“AGENCY”

LOMA LINDA REDEVELOPMENT AGENCY, a
public body corporate and politic

By: _____

Its: _____

Dated: _____, 200__

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EXHIBIT A

LEGAL DESCRIPTION OF CONDOMINIUM PROPERTY

[To Be Attached]

EXHIBIT B

HOMEBUYER AGENCY NOTE

(PROMISSORY NOTE SECURED BY DEED OF TRUST)

NOTICE TO MAKER: EQUITY SHARE AMOUNT(S) SHALL BE DUE AND PAYABLE IF CERTAIN EVENTS OCCUR

\$100,000.00 ("Original Principal Amount") plus equity share Loma Linda, California
_____, 200__ ("Agency Loan Date")

Property Address: _____

Loma Linda, California 92354
City State Zip Code

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the Loma Linda Redevelopment Agency ("Holder" or "Agency") at 25541 Barton Road, Loma Linda, California 92354, or at such other address as Holder may direct from time to time in writing, the sums specified in the terms and provisions of this Promissory Note as the "Note Amount".

1. Loan Agreement. This Homebuyer Senior Promissory Note (this "Note") is made and delivered pursuant to and in implementation of the Condominium Homebuyer Loan Agreement entered by and between the Holder and the Maker dated _____, 200__ ("Agreement"), a copy of which is on file as a public record with the Holder. The Agreement is incorporated herein by this reference. The Maker acknowledges that but for the execution of this Note, the Holder would not enter into the Agreement or make the loan contemplated therein. Unless definitions of terms have been expressly set out at length herein, each term shall have the same definition as set forth in the Agreement.

2. Term. The term of the Note shall be forty-five (45) years from the Agency Loan Date ("Term"). This Note will mature on _____, 20__.

3. Note Amount. The sums due and payable pursuant to the terms and provisions of this Note consist of both the Original Principal Amount and amounts which become payable as "Equity Share Amounts" (as set forth in Section 7 hereof), as both terms are hereinafter defined (collectively, the "Note Amount").

(i) **Agency Loan Amount.** As one component of the Note Amount, Maker shall pay to Agency the principal amount of One Hundred Thousand Dollars (\$100,000.00), together without interest thereon as set forth in Section 4 below.

(ii) **Equity Share Amount(s).** As a second component of the Note Amount, Maker shall pay to Agency an Equity Share Amount as set forth in Section 7 herein.

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4. Agency Loan Amount; Interest Rate. The Agency Loan Amount shall accrue no (0%) interest; provided that upon occurrence of each and every event of acceleration occurs as set forth in Section 6, an Equity Share Amount shall become due and payable.

5. Agency Loan Amount; Time of Payment and Forgiveness. No repayment of the Agency Loan Amount shall be required unless and until the Note Amount becomes due and payable, as provided in Section 6 below. In the event that Maker (and its successors) is in compliance with all of the requirements of this Agreement and the Note Amount has not earlier become due and payable, commencing as of the fifth (5th) anniversary of the Agency Loan Date and continuing on each anniversary thereof during the Affordability Period, the Agency shall forgive 1/40th of the original principal amount of Agency Loan Amount. Provided that Maker is in compliance with all of the requirements of the Agreement and the Note Amount has not earlier become due and payable, any portion of the Agency Loan Amount that remains unpaid upon the expiration of the Affordability Period shall be forgiven as of such date. In no event shall any payments be made by the Agency to the Maker (or successor) by virtue of this Section 5.

6. Acceleration. The whole of the Note Amount, inclusive of both the Original Principal Amount, the Equity Share Amount(s), and all other payments due hereunder and under the Agreement shall become due and be immediately payable to the Holder by the Maker upon the occurrence of the first of the following events: (a) the sale or transfer of the Condominium Property, including, without limitation, the lease, exchange or other disposition of the Condominium Property or any interest therein, whether voluntary or involuntary, except (i) a sale of the Condominium Property to a Moderate Income Household at an Affordable Housing Cost with Agency's prior written approval accomplished in strict conformity with Section 4 of the Agreement, or (ii) the transfer of the Condominium Property solely as a result of the marriage, divorce, incompetence or death of one or more individuals constituting the Maker, so long as the transferee(s) give written notice supported by reasonable evidence of such event to Holder within thirty (30) days of its occurrence and the transferee(s) assume the Maker's obligations under the Agreement and this Note, by execution of an assignment and assumption agreement to be provided by the Holder, or (iii) a sale or transfer which under applicable law would not, by itself, permit the Holder to exercise a due on sale or due on encumbrance clause, or (b) the refinancing of the lien of the Senior Lien Loan for a loan amount in excess of the sum of the then current loan balance secured by the Senior Lien Loan and loan closing costs, or (c) such time if or when Maker is no longer an occupant of the Condominium Property pursuant to Section 5 of the Agreement or is in default of any other obligation under the Agreement.

7. Equity Share Amount(s). In the event that the Note Amount becomes due and payable pursuant to Section 6 above, the Maker shall pay to Holder the "Equity Share Amount(s)," as hereinafter defined. The Note Amount, including without limitation an Equity Share Amount, shall be computed and shall be due and payable in connection with each and every Event of Acceleration (as described in Section 6 hereof) which occurs during the Affordability Period.

(a) **Calculation of Equity Share Amount(s).** The "Equity Share Amount(s)" means an amount equal to a percentage share of the appreciation of the Condominium Property determined by multiplying a variable percentage factor ("Variable Applicable Factor") by the difference between the Sales Price and the Purchase Price.

(b) **Variable Applicable Factor Calculation.** The Variable Applicable Factor shall be calculated by dividing the Holder's total initial equity contribution ("Agency Contribution")

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by the sum of the Agency Contribution plus the Maker's total initial equity contribution ("Participant Contribution"). In other words the Agency Contribution shall be the numerator, and the sum of the Agency Contribution plus the Participant Contribution shall be the denominator of a fraction that equals a percentage that is the Variable Applicable Factor (subject to Section 7(b)(i)).

$$\text{Variable Applicable Factor} = \frac{\text{Agency Contribution}}{\text{Agency Contribution} + \text{Participant Contribution}}$$

For example, if the Agency Contribution equals \$100,000, for purpose of illustration, and the Participant Contribution equals \$175,000, the Variable Applicable Factor would equal 36.36% (\$100,000 divided by the sum of \$100,000 plus \$175,000).

$$36.36\% \text{ (Variable Applicable Factor)} = \frac{\$100,000 \text{ (Agency Contribution)}}{\$100,000 \text{ (Agency Contribution)} + \$175,000 \text{ (Participant Contribution)} = \$275,000}$$

The "Agency Contribution" is the sum of the following amounts contributed by Holder to the value of the Condominium Property, determined as follows: (i) principal amount of the Agency Loan Amount; (ii) the Affordable Housing Cost Subsidy, as hereinafter defined to the extent not already counted within the Original Principal Amount; and (iii) the principal amount(s) of any other loan(s) or subsidy(ies) provided by Holder (or City).

The "Participant Contribution" is the sum of the following amounts contributed by Trustor to the value of the Condominium Property: (i) Trustor's cash down payment plus Trustor's portion of closing costs; and (ii) that portion of the first trust deed loan as is disbursed to the Agency in connection with Trustor's purchase of the Condominium Property.

The "Purchase Price" is the original purchase price paid by Maker (or Maker as the qualified successor owner of the Condominium Property) to the seller of the Condominium Property ("Seller") for Seller's interest in the Condominium Property, exclusive of escrow fees, title insurance costs, broker's commissions, loan fees or any other closing or transaction costs. Subject to the provisions set forth herein below, the value of Qualified Capital Improvements shall be added to the Purchase Price when calculating the Equity Share Amount(s).

The "Sales Price" is the price to be paid by the prospective buyer (who is not a qualified Moderate Income Buyer) of the Condominium Property ("Buyer") to Maker (or Maker as the qualified successor owner of the Condominium Property) for Maker's interest in the Condominium Property, exclusive of reasonable escrow fees, title insurance costs, broker's commissions, loan fees or any other closing or transaction costs. The Sales Price shall be established in conformity with Section 7(h)(i). In the event of Maker's refinancing, failure to occupy, or default under the Agreement, the "Sales Price" shall be established in conformity with Section 7(h)(ii).

The "Affordable Housing Cost Subsidy" is an amount of subsidy Holder has provided to Maker by making the Condominium Property available for purchase at a price that constitutes Affordable Housing Cost. The Affordable Housing Cost Subsidy equals the difference between (i) the sum of Three Hundred Thousand Dollars (\$300,000) (which is deemed to represent

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the fair market value of the Condominium Property as of the date of the Purchase Agreement) and (ii) the Original Homebuyer Purchase Price.

(i) Program Participant (or Program Participant's heirs following the death of Program Participant) agrees to notify Agency not less than thirty (30) days prior to (i) the opening of escrow for the sale of the Condominium Property, (ii) the signing of any agreements or documents related to the transfer, including, without limitation, lease, exchange or other disposition of any interest in the Condominium Property, (iii) any proposed refinancing, or (iv) the close of Program Participant's probate estate. Nothing in this Section 2, however, shall be construed to authorize the Condominium Property to be leased or rented.

(c) **Using the Variable Applicable Factor to Determine the Equity Share Amount(s).** The Equity Share Amount(s) is calculated by multiplying the Variable Applicable Factor by the difference between the Sales Price and the Purchase Price. For example, if the Variable Applicable Factor equals 36.36%, the Equity Share Amount(s) would then equal 36.36% (Variable Applicable Factor) x (Sales Price minus the Purchase Price).

In the above example, if the Sales Price equals \$500,000 and the Purchase Price (for a sale occurring prior to the fifth anniversary of the acquisition of the Condominium Unit by the original owner and assuming no Qualified Capital Improvements) equals \$325,000, the Equity Share Amount(s) would equal \$63,630 (36.36% x (\$500,000 minus \$325,000)).

91.3% (Variable Applicable Factor) x \$175,000 (Sales Price – Purchase Price) = \$392,590 (Equity Share Amount(s)).

Using the same example but assuming that the sale takes place after the fifth and prior to the sixth anniversary of the acquisition of the Condominium Unit by the original owner, the Equity Share Amount would equal \$61,880 (35.36% Variable Rate Factor [36.36 – 1=35.36] x \$175,000 [Sales Price – Purchase Price] = \$61,880 [Equity Share Amount]). Note: the setting forth of the examples herein does not indicate that such sales are permitted; the restrictions as to affordable housing cost and moderate income as set forth in the Agreement and the Condominium CC&Rs will apply.

(d) **Calculation of Equity Share Amount(s) for Subsequent Buyers (Participants).** If pursuant to Section 9 hereof, a Buyer has fully assumed the Maker's obligations under the Agreement, this Note, and the Homebuyer Deed of Trust, and such Buyer causes an event of acceleration to occur, the Equity Share Amount(s) to be paid by such Buyer shall be calculated by multiplying the Variable Applicable Factor, established in Section 7(b) above, by the difference between the Sales Price, established in conformity with Section 7(h) hereof, and the Purchase Price.

(e) **Credits for Trustor.** Notwithstanding the foregoing portion of this Section 7, in calculating the Variable Applicable Factor, in the event the Program Participant occupies the Condominium Unit in conformity with each of the Condominium Homebuyer Loan Agreement, the Condominium CC&Rs and the Resale Restriction Agreement for a period of not less than five (5) years (measured by anniversary of the date of acquisition of the corresponding Condominium Unit by such Program Participant), the Variable Applicable Factor shall be reduced by one (1) percentage point. Thereafter, for each additional year that such Program Participant remains

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in conforming occupancy of the Condominium Unit, the Variable Applicable Factor shall be reduced by two-tenths of one percentage point (.2). In the event of a change of ownership of the Condominium Unit, the Variable Applicable Factor shall revert to the original percentage (as set forth in the illustrative example above, ninety-one and three tenths percent [36.36%]), and the process for the availability of credits in respect to conforming occupancy of the Condominium Unit shall be repeated in the manner described in the foregoing portion of this subsection (e).

(f) **Qualified Capital Improvements.** The value of any Qualified Capital Improvements completed by Maker during Maker's ownership of the Condominium Property shall be added to the Purchase Price when calculating the Equity Share Amount(s) only if, not later than thirty (30) days prior to the event of acceleration causing the Equity Share Amount(s) to become immediately due and payable pursuant to Section 6 hereof, Maker submits the following to Holder: (i) an itemized list of the Qualified Capital Improvements, (ii) reliable proof of completion of the Qualified Capital Improvements (as evidenced e.g., by final building permits, certificate of completion or original paid invoices or construction contracts), and (iii) an appraisal from a certified appraiser, in form and substance reasonably acceptable to the Executive Director of the Agency (the "Executive Director"), the conclusion of which is that the Qualified Capital Improvements have added the stated amount to the fair market value of the Condominium Property.

If, within (30) days of receipt of the information concerning the Qualified Capital Improvements, Holder questions the claimed increase in the value of the Condominium Property by reason of said Qualified Capital Improvements, Holder and Maker may, by mutual agreement, establish the value of the Qualified Capital Improvements or Holder may require an appraisal of the Condominium Property, at Makers expense, by a second independent certified appraiser appointed by the Holder to determine the fair market value of the Qualified Capital Improvements.

(g) **[Intentionally Omitted]**

(h) **Determination of Sales Price; Appraisal.**

(i) **Upon Sale of the Condominium Property.** In the event of a proposed sale of the Condominium Property by Maker and not less than thirty (30) days after Holder receives actual notice of the opening of escrow in connection therewith, the Holder may elect to appoint a certified, independent appraiser to conduct an appraisal of the Condominium Property, at Maker's expense, to assist Holder in determining if the Sales Price is at or near the fair market value of the Condominium Property at such time. If the Sales Price is determined by the appraisal to be three percent (3%) or more below the fair market value of the Condominium Property as estimated in said appraisal, then the "Sales Price" for purposes of determining the Equity Share Amount(s) shall be the fair market value of the Condominium Property established in said appraisal.

(ii) **Upon Refinancing/Failure to Occupy/Default.** In the event of refinancing, failure to occupy the Condominium Property in accordance with Section 7 of the Agreement, or default or breach of any provision of the Agreement which causes the Equity Share Amount(s) to become immediately due and payable, the "Sales Price" for purposes of determining the Equity Share Amount(s) shall be determined by an appraisal of the Condominium Property. Holder shall appoint a certified independent appraiser to conduct an appraisal of the Condominium Property, at Maker's expense. Maker agrees that in such event the Equity Share Amount(s) shall be the Variable Applicable Factor multiplied by the difference between the Purchase Price and "Sales

Price” as established by the appraised value of the Condominium Property at the time of such refinancing, failure to occupy, or default of the Agreement.

8. Maker’s Acknowledgment of Equity Share Amount(s).

MAKER ACKNOWLEDGES AND AGREES THAT UPON SALE, TRANSFER OR REFINANCING OF THE CONDOMINIUM PROPERTY OR OTHER EVENT OF ACCELERATION, MAKER SHALL PAY TO HOLDER, IN ADDITION TO THE AGENCY LOAN AMOUNT, AN EQUITY SHARE AMOUNT(S) EQUAL TO A PERCENTAGE SHARE OF THE APPRECIATION OF THE CONDOMINIUM PROPERTY AS CALCULATED PURSUANT TO THIS SECTION 7.

MAKER’S INITIALS: _____

9. Sale to Moderate Income Condominium Household at Affordable Housing Cost.

For a period (“Affordability Period”) commencing upon the recording of the Condominium CC&Rs and terminating on the forty-sixth (46th) anniversary thereof (“Affordability Period Termination Date”), the Note Amount will not become due and payable if Maker sells or otherwise conveys the Condominium Property to a Moderate Income Household at an Affordable Housing Cost (“Eligible Persons and Families”), and the purchaser assumes this Note and the Agreement by an assignment and assumption agreement which is reasonably acceptable to the Holder and such additional documentation as may be required by Holder. Maker acknowledges it shall comply with the Affordable Housing Resale Restriction relating to any prospective sale of the Condominium Property.

Sale to Moderate Income Household. For a period (“Affordability Period”) commencing upon the recording of the Condominium CC&Rs and terminating on the forty-sixth (46th) anniversary thereof (“Affordability Period Termination Date”), the Note Amount will not become due and payable if Trustor sells or otherwise conveys the Condominium Property to a Moderate Income Household at an Affordable Housing Cost (“Eligible Persons and Families”), and the purchaser assumes the Note and the Agreement by an assignment and assumption agreement which is reasonably acceptable to the Beneficiary.

“Affordable Housing Cost” means as follows:

Each purchaser shall be a person or family of Moderate Income earning not more than one hundred twenty percent (120%) of Median Income which agrees to occupy the Condominium Unit as such purchaser’s principal residence. “Affordable Housing Cost” for each Participant (and all successors thereto during the 45-year Affordability Period) shall be as defined in Health & Safety Code Section 50052.5 (or its successor statute) and the implementing regulations thereto promulgated by the Housing and Community Development Department of the State of California. As of the date of the Agreement, Affordable Housing Cost means a (i) for a Moderate Income Household having an income above eighty percent (80%) of Median Income, a monthly housing cost of not less than twenty eight percent (28%) of Median Income and not greater than thirty five percent (35%) of one hundred ten percent (110%) of Median Income adjusted for family size appropriate to the unit; (ii) for a Low Income Household, a monthly housing cost which does not exceed thirty percent (30%) of seventy percent (70%) of Median Income adjusted for family size

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appropriate to the unit; and (iii) for a Very Low Income Household, a monthly housing cost which does not exceed thirty percent (30%) times fifty percent (50%) of Median Income adjusted for family size appropriate to the unit. (Pursuant to Section 50052.5 because the Condominium Property has three bedrooms the presumed household size for purposes of the Agreement is four persons.)

The income of co-signers (individuals who sign only the Promissory Note) and co-mortgagors (individuals who sign both the Promissory Note and the grant deed) will be included for determining whether Participant is a Moderate Income Household, if such co-signers and co-mortgagors are part of Participant's Household and are residing in the Condominium Property.

10. Security for Note. This Note shall be secured by a subordinate deed of trust and rider thereto of even date herewith encumbering the Condominium Property ("the Homebuyer Second Deed of Trust"), executed by Maker, as trustor, in favor of Holder, as beneficiary.

11. Prepayment of Note. Maker may prepay this Note to Holder, provided that any prepayment must be in full and not in part. Prepayment shall not, however, release Maker from the requirements of the Resale Restriction Agreement or the Condominium CC&Rs. In addition, prepayment shall be treated in the same manner as a refinancing of the Condominium Property.

12. Holder May Assign. Holder may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Maker.

13. Maker Assignment Prohibited. In no event shall Maker assign or transfer any portion of this Note, the Note Amount and/or the Agreement without the prior express written consent of the Holder, as provided in Section 9 hereof.

14. Joint and Several. The undersigned, if more than one, shall be jointly and severally liable hereunder.

15. Attorneys' Fees and Costs. In the event that any action is instituted to enforce payment under this Note, the parties agree the non-prevailing party shall be responsible for and shall pay to the prevailing party all court costs and all attorneys' fees incurred in enforcing this Note.

16. Amendments. This Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Note so as to become a permanent part thereof.

17. Maker's Waivers. Maker waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest").

18. Notices. Any notice, demand, approval, consent, or other communication required or desired to be given under this Note shall be in writing and shall be either personally served, sent by telecopy, mailed in the United States mails, certified, return receipt requested, postage prepaid, or sent by other commercially acceptable means, addressed to the party to be served with the copies indicated below, at the last address given by that party to the other under the provisions of this section. All communications shall be deemed delivered at the earlier of actual receipt, the next business day after deposit with Federal Express or other overnight delivery service or two (2)

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business days following mailing as aforesaid, or if telecopied, when sent, provided a copy is mailed or delivered as provided herein:

To Maker:

To Agency:

Loma Linda Redevelopment Agency
25541 Barton Road
Loma Linda, California 92354
Attention: Executive Director

19. Successors Bound. This Note shall be binding upon the parties hereto and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, Maker has executed this Note as of the date set forth below.

MAKER:

By: _____
Printed Name: _____

By: _____
Printed Name: _____

EXHIBIT C

HOMEBUYER SECOND DEED OF TRUST

DEED OF TRUST WITH ASSIGNMENT OF RENTS

WHEN RECORDED MAIL TO:
Loma Linda Redevelopment Agency
25541 Barton Road
Loma Linda, California 92354
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)

This DEED OF TRUST, made as of _____, 200__ between _____, _____
(collectively, "Program Participant" or "Trustor") whose address is _____, Loma Linda,
California 92354, **ALLIANCE TITLE COMPANY**, a California corporation, herein called TRUSTEE, and the
LOMA LINDA REDEVELOPMENT AGENCY, a public body, corporate and politic, herein called
BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Loma Linda,
County of San Bernardino, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter
given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of
securing: (1) payment of the sum of \$100,000, plus an equity share, according to the terms of a promissory note of
even date herewith designated as the "Homebuyer Agency Note" made by Trustor, payable to order of Beneficiary,
and extensions or renewals thereof pursuant to a Condominium Homebuyer Loan Agreement between Trustor and
Beneficiary as of March 1, 2006 (the "Agreement"; a copy of the Agreement is on file with Beneficiary as a public
record and is deemed incorporated herein by reference). All capitalized terms not defined herein shall have the
meanings established therefor under the Agreement unless the context requires otherwise, (2) the performance of
each agreement of Trustor incorporated by reference or contained herein, the default under any of which shall
constitute a default hereunder, (3) payment of additional sums and interest thereon which may hereafter be loaned to
Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by
this Deed of Trust, and (4) compliance under each of (i) that certain Declaration of Conditions, Covenants and
Restrictions recorded on _____, 2006 as Document No. _____ among the official
land records of the County of San Bernardino (the "Condominium CC& Rs") and (ii) that certain document entitled
"Resale Restriction Agreement, Including Purchase Option and Acknowledgment of CC&Rs" (the "Resale
Restriction Agreement") recorded of even date herewith, and (5) performance under Exhibit "B" which is attached
hereto and incorporated herein by reference.

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To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	S. Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	S. Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	S. Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	S. Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	1964	149774			
						Series 5					

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B thereof (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

SEE RIDER TO THIS DEED OF TRUST ATTACHED HERETO
AS EXHIBIT "B" AND MADE A PART HEREOF.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

☐ personally known to me

-or-

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ Individual
☐ Corporate Officer

Title(s)

Title Or Type Of Document

- ☐ Partner(s) ☐ Limited
 ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above

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EXHIBIT A
LEGAL DESCRIPTION

(To Come)

EXHIBIT B

RIDER TO DEED OF TRUST

Exhibit B to Deed of Trust with Assignment of Rents dated as of _____, 200__, executed by _____, _____, as "Trustor", to Alliance Title Company, a California corporation, as Trustee, for the benefit of Loma Linda Redevelopment Agency, a public body, corporate and politic, as "Beneficiary" ("Deed of Trust").

1. **DEFAULT.** A default or breach under any of the following shall, at Beneficiary's option, constitute a default under this Deed of Trust:

(a) Repayment under the _____ (the "First Trust Deed Loan");

(b) A default under that certain Condominium Homebuyer Loan Agreement, executed by Trustor as Program Participant and Beneficiary, as Agency;

(c) A default under the Condominium CC&Rs; or

(d) A default under the Resale Restriction Agreement; or

(e) A default under any other deed of trust encumbering the Condominium Property which has a priority senior to this Deed of Trust.

2. **NON-IMPAIRMENT.** Except as supplemented and/or modified by this Deed of Trust, all of the terms, covenants and conditions of the Other Deeds of Trust and the other loan documents executed in connection therewith shall remain in full force and effect.

3. **DUE ON SALE OR ENCUMBRANCE.** In the event of any Transfer (as defined below) of the Condominium Property, or any portion thereof or interest therein, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term "Transfer" means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Condominium Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Condominium Property, granting of an option to purchase any portion of or interest in the Condominium Property or any interest therein, or the lease of all or substantially all of the Condominium Property or of all or substantially all of the improvements situated on the Condominium Property; provided that a sale of the Condominium Property to a Moderate Income Household at an Affordable Housing Cost with Agency's prior written approval accomplished in strict conformity with Section 4 of the Condominium Homebuyer Loan Agreement shall not be deemed to constitute grounds for acceleration under this Deed of Trust. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

4. **PRIORITY OF DEED OF TRUST.** This Deed of Trust shall be subject to the Condominium CC&Rs and the [First Trust Deed Loan] but shall be senior to any other deed of trust.

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) to pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation thereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To Pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof

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regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance or any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

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After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

**REQUEST FOR FULL RECONVEYANCE
TO ALLIANCE TITLE COMPANY, TRUSTEE**

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed on payment to you of any sums owing owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated: _____

Please mail Deed of Trust,
Note and Reconveyance to

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

**DEED OF TRUST
with power of sale**

TRUSTEE

EXHIBIT D

CONDOMINIUM CC&Rs

[To Come: same as Attachment No. 7]

EXHIBIT E

RESALE RESTRICTION AGREEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

LOMA LINDA REDEVELOPMENT AGENCY
Attention: Executive Director
25541 Barton Road
Loma Linda, California 93639

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN _____

**RESALE RESTRICTION AGREEMENT AND ACKNOWLEDGMENT
OF CONDITIONS, COVENANTS AND RESTRICTIONS**

This Resale Restriction Agreement and Acknowledgment of Conditions, Covenants and Restrictions (the "Agreement") is entered into as of the dates written below, by and between _____, a _____, (the "New Owner") and _____, a _____ (collectively, the "Prior Owner") and the LOMA LINDA REDEVELOPMENT AGENCY, a public body corporate and politic (the "Agency"). New Owner, Prior Owner and the Agency may be individually referred to as a "Party" and collectively as the "Parties". The Parties desire to enter into this Agreement on the following terms and conditions:

1. RECITALS.

1.1 These Recitals refer to and utilize certain capitalized terms that are defined in Section 2 of this Agreement. The Parties intend to refer to those definitions in conjunction with the use of capitalized terms in these Recitals. The Recitals are an integral part of this Agreement.

1.2 New Owner has entered into an agreement with Main Street Development Group, LLC, a California limited liability company (the "Developer") (the "Sale Agreement") for the purchase certain real property, namely a condominium unit. Such real property is commonly known as _____, Loma Linda, California, and more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Condominium Property").

1.3 Program Participant requires assistance to purchase the Condominium Property and would not be able to purchase the Condominium Property without such assistance. Program Participant is a "Moderate Income Household" (as defined below) and currently earns less than one hundred twenty percent (120%) of the current annual median income for the San Bernardino County area, as those terms are defined by California Health and Safety Code Sections 50052.5 and 50093.

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1.4. Program Participant has represented to the Agency that Program Participant and Program Participant's immediate family intend to reside in the Condominium Property at all times throughout the term of this Agreement.

1.5. The Agency desires to assist persons of very low income to purchase Residual Property to increase, improve, and preserve Moderate Income housing available at an affordable housing cost within the City of Loma Linda (the "City").

1.6. The Agency wishes to lend, and Program Participant wishes to borrow, funds to assist Program Participant to purchase the Condominium Property upon the terms and conditions set forth herein.

1.7. Program Participant represents and warrants to Agency that Program Participant and Program Participant's immediate family intend to reside at the Condominium Property as the family's principal residence at all times during the period of Program Participant's ownership of the Condominium Property.

1.8. The Condominium Property is being purchased by Program Participant under an agreement dated as of _____, 200__ (the "Sale Agreement") between Program Participant as buyer and the Developer, as Seller.

1.9. At the time Program Participant and Prior Owner entered into the Sale Agreement, the Condominium Property was subject to a Declaration of Conditions, Covenants and Restrictions dated as of _____, 200__ and recorded among the official land records of San Bernardino County on _____, 200__ as Document No. _____ (the "Condominium CC&Rs"). The Condominium CC&Rs are deemed to be incorporated herein by reference.

1.10. The Condominium CC&Rs, which remain of record as to the Condominium Property and other land, require among other provisions that the Condominium Property shall only be owned and occupied by Program Participant or another household having an income that does not exceed one hundred twenty percent (120%) of the San Bernardino County median income ("Median Income") and that the Condominium Property is restricted to use for an "Affordable Unit", as therein defined, which, if sold, can only be sold on an "Affordable Housing Cost" (as defined in the Condominium CC&Rs) to "Eligible Persons or Families" (as defined in the Condominium CC&Rs). Except as otherwise expressly set forth, capitalized terms shall have the meanings established therefor in the Condominium CC&Rs).

1.11. Program Participant and the Agency entered into an agreement dated as of _____, 200__, entitled "Condominium Homebuyer Loan Agreement" (hereto, the "Condominium Homebuyer Loan Agreement"). A copy of the Condominium Homebuyer Loan Agreement is on file with the Agency as a public record and is deemed to be incorporated herein by reference.

1.12. In connection with its purchase of the Condominium Property, the Program Participant has required financial assistance from the Agency to purchase the Condominium Property, but for which assistance the Program Participant would not have been able to purchase the Condominium Property. The assistance included: (i) a limitation on the price charged by the Prior Owner to the Program Participant (which limitation was created under an agreement between the

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Agency and the Prior Owner); and (ii) a loan made by Agency to the Program Participant (the “Homebuyer Second Loan”), as more fully described in the Condominium Homebuyer Loan Agreement as well as the “Homebuyer Agency Note” (as defined in the Condominium Homebuyer Loan Agreement). Each of the Condominium Homebuyer Loan Agreement, the “Affordable Housing Agreement” (as referred in the Condominium Homebuyer Loan Agreement), the Homebuyer Agency Note and the Homebuyer Second Deed of Trust is on file with the Agency as a public record.

1.13 The Program Participant is an Eligible Person or household and has an income not in excess of one hundred twenty percent (120%) of the Median Income.

1.14 The New Owner agrees and acknowledges that the Condominium Property is subject to restrictions upon use and resale. The New Owner restates and agrees that the Condominium Property is and shall be subject to this Agreement. This Agreement is in furtherance of assuring that the Condominium Property shall remain an Affordable Unit throughout that period commencing as of the date of recording the Condominium CC&Rs, and continuing until the forty-sixth (46th) anniversary thereof (which period is referred to herein as the “Affordability Period.”)

1.15 In order to provide continuity for its program of providing housing for Designated Income Households, the Agency has required the Owner to execute this Agreement. This Agreement will place resale controls on the Condominium Property and provide eligibility requirements for subsequent purchasers.

2. **DEFINITIONS.** The following terms are specially defined for this Agreement and their definitions can be found in the sections indicated below:

- A. “Agreement” – First sentence of the Agreement on Page 1
- B. “Agency” – First sentence of the Agreement on Page 1
- C. “Declaration of Default” – Section 12
- D. “Designated Income Household” – Section 9.2.2
- E. “Effective Date” – Section 3
- F. “Eligible Purchaser” – Section 9.2
- G. “Eligible Transfer” – Section 9
- H. “Excess Proceeds” – Section 15
- I. “Exercise Notice” – Section 13.2
- J. “Foreclosure” – Section 15
- K. “Improvements” – Section 10.2
- L. “Lender” – Section 16

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- M. “Lender’s Deed of Trust” – Section 16
- N. “Lender’s Loan” – Section 16
- O. “Median Income for the Area” means the median income for San Bernardino County as determined by Agency under Health and Safety Code Section 50052.5 and applicable regulations, if any, of the State of California.
- P. “Moderate Income Household” means a household having an income, as the incomes of all household members are aggregated, of not greater than one hundred twenty percent (120%) of the Median Income for the Area.
- Q. “New Owner” – First sentence of the Agreement on Page 1
- R. “New Owner’s Notice” – Section 7
- S. “Notice of Default” – Section 12
- T. “Option” – Section 13.1
- U. “Property” – Section 1.4
- V. “Proposed Purchaser” – Section 8
- W. “Purchase Agreement” – Section 13.2
- X. “Sales Price” – Section 10
- Y. “Sellable Condition” – Section 10.2
- Z. “Term” – Section 3
- AA. “Transfer” – Section 6
- BB. “Units” – Section 1.2

3. **TERM OF AGREEMENT.** The term of this Agreement shall commence as of the date of recordation of the CC&Rs (the “Effective Date”) and shall expire at 11:59 p.m. on the last day that is the forty-sixth (46th) anniversary of the Effective Date (which period constitutes the “Term”).

4. **NEW OWNER REPRESENTATIONS, WARRANTIES AND COVENANTS.**

4.1 New Owner represents and warrants to the Agency as follows:

4.1.1 The financial and other information that New Owner previously provided to the Agency in order to qualify to purchase the Condominium Property is true and correct as of the date first written above.

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4.1.2 The New Owner does not own any other residential property as of the date of this Agreement.

4.1.3 The New Owner shall occupy the Condominium Property as the New Owner's principal place of residence. The New Owner shall be considered as occupying the Condominium Property if the New Owner is living at the Condominium Property for twelve (12) months of each calendar year, vacations excepted.

4.1.4 This Agreement 1) has been duly authorized, executed and delivered by New Owner, and 2) does not violate any provision of any agreement or judicial order to which New Owner is a party or to which New Owner is subject.

4.1.5 New Owner has the power and authority to enter into this Agreement and to perform its obligations hereunder.

4.2 The New Owner warrants and covenants to the Agency that the New Owner shall annually, on the anniversary of the Effective Date, certify in writing to the Agency, on a form supplied by the Agency, that: 1) the New Owner occupies the Condominium Property as the New Owner's principal place of residence; and 2) the Condominium Property is in good repair.

5. **USE OF PROPERTY; NO LEASING.** The New Owner shall not lease the Condominium Property without having provided a copy of the proposed lease to the Agency and without having obtained the Agency's prior written consent, which consent Agency may grant, withhold, condition or deny at its sole discretion. Any lease in violation of this Agreement is prohibited and shall constitute a default by the New Owner hereunder.

6. **SALE RESTRICTIONS.** Any Transfer of the Condominium Property will be subject to the provisions of this Agreement. "Transfer" means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Condominium Property, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, a mortgage, a deed of trust (other than as expressly approved in writing by Agency under the Homebuyers Loan Agreement) or an interest evidenced by a land sale contract by which possession of the Condominium Property is transferred and New Owner retains title. Any Transfer without satisfaction of the provisions of this Agreement is prohibited. Transfers by gift, devise, or inheritance to an existing spouse, domestic partner, child, surviving joint tenant, or a spouse as part of a dissolution proceeding, or in connection with marriage, shall not be considered a Transfer for the purposes of this Agreement.

7. **NOTICE OF INTENDED TRANSFER.** In the event the New Owner intends to Transfer or vacate the Condominium Property, the New Owner shall promptly notify the Agency in writing of such intent ("New Owner's Notice"). The New Owner will send the New Owner's Notice to the Agency at least ninety (90) days prior to the actual date of the Transfer or vacation of the Condominium Property. New Owner shall send the New Owner's Notice by certified mail, return receipt requested.

8. **RESTRICTIONS ON TRANSFERS BY OWNER.** The New Owner may only sell the Condominium Property to a person (the "Proposed Purchaser") who meets the Eligible Transfer requirements detailed in Section 9 below as determined by Agency. The maximum amount that the New Owner may receive for the Transfer shall be limited to the Sales Price as defined in Section 10.

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9. **ELIGIBLE TRANSFER.** A Transfer that meets all of the requirements set forth in this Section 9 shall qualify as an approved Transfer to a Proposed Purchaser (“Eligible Transfer”):

9.1 **Disclosures and Submittals:** The New Owner and the Proposed Purchaser shall provide the following information to the Agency:

9.1.1 The name, address and telephone number in writing of the Proposed Purchaser.

9.1.2 A signed financial statement of the Proposed Purchaser in a form acceptable to the Agency and any other supporting documentation requested by the Agency. The Agency will use the financial information to determine the income eligibility of the Proposed Purchaser.

9.1.3 The proposed sales contract and all other related documents which shall set forth the terms of the sale of the Condominium Property. Said documents shall include the following terms:

(a) The sales price; and

(b) The price to be paid by the Proposed Purchaser for the Owner’s personal property, if any, and for the services of the New Owner, if any.

9.1.4 A written certification, from the New Owner and the Proposed Purchaser in a form acceptable to the Agency, that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the Agency. The certification shall also provide that the Proposed Purchaser or any other party has not paid, and will not pay, to the New Owner, and the New Owner has not received and will not receive from the Proposed Purchaser or any other party, money or other consideration in addition to what is set forth in the sales contract and documents submitted to the Agency, including personal property. The written certification shall also include a provision that in the event a Transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certification submitted to the Agency, the Agency shall have the right to file an action at law or in equity to 1) make the parties terminate and/or rescind the sale contract, and/or 2) declare the sale void, notwithstanding the fact that the sale may have closed and become final as between the New Owner and the Proposed Purchaser. In any event, any costs, liabilities or obligations incurred by New Owner and/or the Proposed Purchaser for the return of any moneys paid or received in violation hereunder or for any termination or rescission of their sales contract, or for any costs and legal expenses associated therewith, shall be borne by New Owner and/or the Proposed Purchaser and they shall hold the Agency and its officers, directors, employees and subsidiaries harmless and reimburse all of the Agency’s expenses, legal fees and costs for any legal or other action that the Agency takes in order to enforce the terms and conditions of this Agreement.

9.1.5 An executed Resale Restriction Agreement from the Proposed Purchaser with substantially the same provisions as this Agreement and subject to the Agency’s approval; provided, however, that the term of such Resale Restriction Agreement shall expire upon the same date as the expiration date of this Agreement. The recordation of this Resale Restriction Agreement in a form substantially similar as this Agreement shall be a condition of the Agency’s approval, or that of its designee, of the proposed sale. The Agency may require the Proposed

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Purchaser to pay Five Hundred Dollars (\$500.00) to the Agency and reimburse it for its out of pocket costs to cover the costs of administering its rights and obligations under this Agreement, which fee shall be paid through escrow.

9.1.6 Upon the close of the proposed sale, the New Owner will deliver to the Agency certified copies of any recorded deed of trust, a copy of the recorded Resale Restriction Agreement, a copy of the final sales contract, settlement statement, escrow instructions, and any other documents that the Agency may reasonably request.

9.2 **Eligibility of Purchaser:** A purchaser who meets the following requirements shall be an Eligible Purchaser ("Eligible Purchaser"):

9.2.1 Each purchaser shall certify that he or she will occupy the Condominium Property as his or her principal residence.

9.2.2 The combined income for all household members of the purchaser shall not exceed the income for a Designated Income household. For purposes of this Agreement, "Designated Income Household" means that a person's combined household income is at, or below, one hundred twenty percent (120%) of Median Income.

10. **DETERMINATION OF SALES PRICE.** The sales price ("Sales Price") for the Condominium Property may not exceed a price which constitutes Affordable Housing Cost for the proposed purchaser, as confirmed by Agency. In making such determination, the Agency will apply the following:

Each purchaser shall be a person or family of Moderate Income earning not more than one hundred twenty percent (120%) of Median Income, "Affordable Housing Cost" for each Participant (and all successors thereto during the 45-year Affordability Period) shall be as defined in Health & Safety Code Section 50052.5 (or its successor statute) and the implementing regulations thereto promulgated by the Housing and Community Development Department of the State of California. As of the date of the Agreement, Affordable Housing Cost means a (i) for a Moderate Income Household having an income above eighty percent (80%) of Median Income, a monthly housing cost of not less than twenty eight percent (28%) of Median Income and not greater than thirty five percent (35%) of one hundred ten percent (110%) of Median Income adjusted for family size appropriate to the unit; (ii) for a Low Income Household, a monthly housing cost which does not exceed thirty percent (30%) of seventy percent (70%) of Median Income adjusted for family size appropriate to the unit; and (iii) for a Very Low Income Household, a monthly housing cost which does not exceed thirty percent (30%) times fifty percent (50%) of Median Income adjusted for family size appropriate to the Condominium Property. [Pursuant to Section 50052.5 because the Condominium Property has three bedrooms the presumed household size for purposes of the Agreement is four persons.]

11. **RESTRICTIONS ON REFINANCING.** The New Owner cannot refinance the Condominium Property for an amount that exceeds the lesser of: (i) that portion of the value of the Condominium Property that is unencumbered by deeds of trust or (ii) ninety-five percent (95%) of the Sales Price as determined pursuant to Section 10. New Owner and the Agency acknowledge that this provision is reasonable based upon the economic benefits received by the New Owner resulting from ownership of the Condominium Property made possible by the reduced Purchase Price by which the New Owner initially acquired the Condominium Property from the Developer in connection with the participation by the Agency. If New Owner violates the provisions of this

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Section 11, then the Agency may declare a default under this Agreement and send a Declaration of Default (as defined in Section 12) to New Owner. The Agency may sue New Owner for disgorgement of any funds received by New Owner in excess of that amount permitted to be referenced in conformity with the preceding portion of this Section 11, in addition to suing New Owner for any other remedies detailed in Section 12 or any other remedies provided in law or in equity. This Section 11, and this Agreement, shall not limit the remedies of the Agency under other instruments, including without limitation the Condominium CC&Rs, the Agency Homebuyer Agency Note and the Homebuyer Second Deed of Trust. In the event of express conflict between (i) this Agreement and (ii) one or more of the Homebuyer Agency Note and the Homebuyer Second Deed of Trust, and this Agreement, then the Homebuyer Agency Note and the Homebuyer Second Deed of Trust shall control over this Agreement.

12. DEFAULTS AND REMEDIES. The New Owner's failure to comply with any term or provision of this Agreement will be deemed to be a violation of this Agreement. In addition, the New Owner will be deemed to have violated this Agreement if the New Owner defaults under the Lender's Note, the Lender's Deed of Trust, or any other promissory note, deed of trust or lien, including if any judgment lien is recorded against the Condominium Property. Furthermore, the New Owner will be deemed to have violated this Agreement if any foreclosure proceeding is instituted against the Condominium Property. Upon any such violation, the Agency will give a written notice ("Notice of Default") to the New Owner specifying the nature of the violation. The Notice of Default will specify the amount of time that Owner has to correct the violation, but in no event will the New Owner have more than thirty (30) days to correct such violation from the date such Notice of Default is mailed to the New Owner. If the New Owner does not correct the violation to the Agency's satisfaction within the specified time period, then the Agency may declare a default under this Agreement and will send New Owner a notice that New Owner has defaulted under this Agreement ("Declaration of Default"). The New Owner will automatically be in default under this Agreement (without the Agency sending a Notice of Default) if the New Owner or the Proposed Purchaser makes any misrepresentation of any nature whatsoever in connection with receiving any benefits under this Agreement, and upon any such event occurring, the Agency may immediately send the New Owner and, if applicable, the Proposed Purchaser, a Declaration of Default. Upon the Agency sending the New Owner a Declaration of Default, the Agency may apply to a court of competent jurisdiction for specific performance of this Agreement; for an injunction prohibiting a proposed sale or transfer in violation of this Agreement; for a declaration that a transfer in violation of this Agreement is void; for rescission of any sales contract that violates this Agreement; or for any other such relief at law or in equity as may be appropriate.

13. PURCHASE OPTION UPON DEFAULT.

13.1 Purchase Option: Notwithstanding, and in addition to, the remedies provided to the Agency in Section 12, the New Owner hereby grants to the Agency the option ("Option") to purchase the Condominium Property once the Agency has given the New Owner a Declaration of Default (pursuant to Section 12). The purchase Option will begin upon the date of the Declaration of Default and will continue for thirty (30) days thereafter. Said Option to purchase is given in consideration of the economic benefits received by the New Owner resulting from ownership of the Condominium Property made possible by the reduced purchase price by which the New Owner initially acquired the Condominium Property from the Agency. the Agency may purchase the Condominium Property for the Sales Price as determined pursuant to Section 10. In connection with any such purchase, the Agency shall receive credit for any indebtedness to Agency

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with respect to the Condominium Property, including without limitation the Homebuyer Agency Note, the Agency Homebuyer Agreement and the Homebuyer Second Deed of Trust.

13.2 **Exercise Of Option:** the Agency shall have thirty (30) days after the date of the Declaration of Default to notify the New Owner of its decision to exercise its Option to purchase the Condominium Property. If the Agency decides to exercise its Option to purchase the Condominium Property, the Agency shall, within thirty (30) days after the date of the Declaration of Default, deliver to Owner both 1) a written notice of its election to exercise the Option in the form attached hereto as **Exhibit B** (the "Exercise Notice"), and 2) two (2) copies of the Agency's standard or customary real estate purchase and sale agreement for homes restricted by income ("Purchase Agreement"), both of which are duly-executed by the Agency. Upon New Owner receiving the Exercise Notice and the two (2) duly-executed Purchase Agreements, New Owner shall execute both copies of the Purchase Agreement and return one fully-executed original to the Agency. New Owner's failure to execute and deliver a copy of the Purchase Agreement in accordance with this Section 13.2 shall not affect the validity of the Purchase Agreement. The Purchase Agreement shall be immediately effective and binding on both New Owner and the Agency without further execution by the Parties, on exercise of the Option in accordance with this Section 13.2. The Agency may, instead of purchasing the Condominium Property itself, assign its option and right to purchase the Condominium Property.

14. **NONLIABILITY OF THE AGENCY.** In no event shall the Agency become in any way liable or obligated to the New Owner or any successor-in-interest to the New Owner by reason of its Option to purchase under Section 13.1, nor shall the Agency be in any way obligated or liable to the New Owner or any successor-in-interest to the Owner for any failure to exercise its Option to purchase.

15. **RESTRICTIONS ON CONDEMNATION, INSURANCE AND FORECLOSURE PROCEEDS.** All Excess Proceeds (as defined below) shall be paid to the Agency, when available to New Owner, to place in the Agency's low or very low income housing fund upon any of the following occurring: 1) a judicial foreclosure, a trustee's deed upon a nonjudicial foreclosure, a deed in lieu of foreclosure or any other involuntary Transfer to the holder of a secured interest in the Condominium Property (collectively, "Foreclosure"); 2) the Improvements to the Condominium Property being destroyed and the insurance proceeds are to be distributed to the New Owner instead of being used to rebuild any residence or permanent structure on the Condominium Property; or 3) any condemnation or Transfer in lieu of condemnation and the proceeds thereof are to be distributed to the New Owner. "Excess Proceeds" is defined as the proceeds of any event described above to the extent such proceeds exceed the amount of money that the New Owner would receive if the Agency exercised its Option to acquire the Condominium Property on the date of the relevant event pursuant to the provisions of Section 12 above.

16. **[INTENTIONALLY OMITTED.]**

17. **BINDING ON SUCCESSOR AND ASSIGNS.** This Agreement is binding on the New Owner and his or her heirs, successors, assigns, transferees, legatees, devisees, and all other persons that acquire any interest in the Condominium Property from New Owner. It is also binding on anyone to whom the New Owner sells, transfers, assigns or grants an interest in the Condominium Property, including any secured lender who obtains title through foreclosure or a "deed in lieu" of foreclosure. Furthermore, any purchasers, transferees, assignees, legatees, devisees, donees or

foreclosing lenders that acquire any, or the entire, interest in the Condominium Property of any nature whatsoever will be subject to the terms and conditions of this Agreement.

18. **[INTENTIONALLY OMITTED.]**

19. **COVENANTS RUN WITH THE LAND.**

19.1 Owner hereby declares its express intent that the provisions of this Agreement shall be deemed covenants running with the land and shall pass to and be binding upon all parties having any interest in the Condominium Property throughout the Term. Each and every contract, deed, lease or other instrument covering, conveying or otherwise transferring the Condominium Property or any interest therein, as the case may be, shall conclusively be held to have been executed, delivered and accepted subject to this Agreement regardless of whether the other party or parties to such contract, deed, lease or any other such instrument have actual knowledge of this Agreement.

19.2 The New Owner and the Agency hereby declare their understanding and intent that 1) this Agreement shall be construed as covenant and servitude running with the land pursuant to California Civil Code Section 1468 and not as conditions which might result in forfeiture of title by Owner; 2) the burden of the covenants and restrictions set forth in this Agreement touch and concern the Condominium Property in that the New Owner's legal interest in the Condominium Property and all improvements thereon may be rendered less valuable thereby; and 3) the benefit of the covenants and restrictions set forth in this Agreement touch and concern the land by enhancing and increasing the enjoyment and use of the Condominium Property by eligible persons or families of moderate income.

19.3 All covenants and restrictions contained herein, without regard to technical classification or designation, shall be binding upon New Owner for the benefit of the Agency and this Agreement shall run in favor of such parties for the entire Term of this Agreement, without regard to whether the Agency is an owner of any land or interest therein to which this Agreement relate.

20. **GENERAL PROVISIONS.**

20.1 **Amendment.** This Agreement may not be amended, modified or supplemented except by a written agreement executed by each of the Agency and the fee owner of the Condominium Property as of the date of such amendment, modification or supplement.

20.2 **Assignment.** the Agency may transfer or assign all of its rights under this Agreement to any third party at any time without receiving New Owner's prior consent.

20.3 **Attorneys' Fees.** In the event any Party hereto institutes an action or proceeding to enforce any rights arising under this Agreement, the Party prevailing in such action or proceeding shall be paid all reasonable attorneys' fees and costs. These costs include, without limitation, expert witness fees, investigation costs, costs of tests and analysis, travel and accommodation expenses, deposition and trial transcript costs and court costs. A court, and not a jury, will set all such fees and costs, all of which will be included in the judgment entered in such proceeding.

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20.4 **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their permitted successors and assigns, and any reference to a Party hereto shall also be a reference to a permitted successor or assign.

20.5 **Captions.** The titles and captions contained in this Agreement are inserted herein only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. Unless otherwise specified to the contrary, all references to Sections are references to Sections of this Agreement and all references to Exhibits are references to Exhibits to this Agreement.

20.6 **Complete Agreement.** This Agreement and the attached Exhibits constitute the complete and exclusive statement of agreement among the Parties with respect to the subject matter herein and therein replace and supersede all prior written and oral agreements or statements by and among the Parties. No representation, statement, condition or warranty not contained in this Agreement, or the attached Exhibits, will be binding on the Parties or have any force or effect whatsoever, notwithstanding the provisions of Civil Code Section 1698.

20.7 **Controlling Law.** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of California without reference to California's choice of law rules.

20.8 **Counterparts.** This Agreement may be executed simultaneously in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20.9 **Exhibits.** The Exhibits attached hereto are incorporated into and made a part of this Agreement as if set out in full in this Agreement.

20.10 **Fees and Expenses.** Each Party shall pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, but not limited to, the fees, costs and expenses of its accountants and counsel.

20.11 **Further Documents and Acts.** The Parties to this Agreement will, in good faith, exercise and perform such other acts as are reasonably necessary and appropriate to consummate and carry out the terms and conditions and other contracts described under this Agreement. The Parties agree to execute and deliver such further instruments, agreements, contracts and documents, as may be reasonably required to effectuate the stated and intended purposes of this Agreement.

20.12 **Interpretation.** In the event any claim is made by any Party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Party or his or its counsel. The Parties further agree that California Civil Code Section 1654 does not apply to this Agreement.

20.13 **Investigations; Representations and Warranties.** The representations and warranties, covenants and agreements of the Parties set forth in this Agreement shall remain in full force and effect until duly satisfied or performed by the appropriate Party hereto. This Section shall not limit or restrict the Parties' remedies against each other or any other person for fraud, willful

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misconduct, bad faith or any other intentional breach of any representation, warranty, covenant or agreement contained herein. The respective representations and warranties of the Parties contained herein or in any certificate, or other document delivered by any Party, shall not be deemed waived or otherwise affected by any investigation made by a Party hereto.

20.14 **Jurisdiction and Venue.** The Parties acknowledge and understand that the making of this Agreement is in San Bernardino County, California. Any suit, arbitrations, mediation or other remedial process shall be filed and maintained in San Bernardino County, California.

20.15 **Notices.** All notices, communications and deliveries hereunder shall be made in writing signed by the Party making the same, shall specify the Section hereunder pursuant to which it is given or being made, and shall be deemed given or made on either 1) the date delivered if delivered in person, 2) on the date initially received if delivered by facsimile transmission followed by registered or certified mail confirmation, 3) on the date delivered if delivered by a nationally recognized overnight courier service or 4) on the third (3rd) business day after it is mailed if mailed by registered or certified mail (return receipt requested) (with postage and other fees prepaid) as follows:

To Owner:

Fax No.: _____

To the Agency:

Loma Linda Redevelopment Agency
Attention: Executive Director
25541 Barton Road
Loma Linda, CA 92354
Fax No.: (909) 799-2890

or to such other representative or at such other address of a Party as such Party hereto may furnish to the other Parties in writing.

20.16 **Number; Gender.** Whenever the context so requires, the singular number shall include the plural and the plural shall include the singular, and the gender of any pronoun shall include the other genders.

20.17 **Remedies Cumulative.** The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

20.18 **Severability.** The unenforceability, invalidity or illegality of any provision of this Agreement shall not render the other provisions unenforceable, invalid, or illegal. If any provision of the Agreement is held invalid or unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances. If any provision of this Agreement is unenforceable under the law prevailing on the date hereof, but is enforceable under the law prevailing at a subsequent time, then such originally unenforceable provision shall be deemed to take effect at the time when it becomes enforceable. As used herein, the term "unenforceable" is used in its broadest and most comprehensive sense and includes the concepts of void or voidable.

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20.19 **Waiver.** The Parties hereto, by or pursuant to action taken by their respective members, partners or officers, may, to the extent legally permitted: (i) extend the time for the performance of any of the obligations or other acts of any other Party; (ii) waive any inaccuracies in the representations or warranties of any other Party contained in this Agreement or in any document or certificate delivered pursuant hereto; (iii) waive compliance or performance by any other Party with any of the covenants, agreements or obligations of such Party contained herein; and (iv) waive the satisfaction of any condition that is precedent to the performance by the Party so waiving of any of its obligations hereunder. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by one Party of the performance of any covenant, agreement, obligation, condition, representation or warranty shall not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any Party of the performance of any act shall not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

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IN WITNESS WHEREOF, the Parties have executed this Resale Restriction Agreement as of the dates written below:

“PROGRAM PARTICIPANT”

By: _____

Printed Name: _____

Dated: _____, 200__

“AGENCY”

LOMA LINDA REDEVELOPMENT AGENCY, a
public body corporate and politic

By: _____

Its: _____

Dated: _____, 200__

LIST OF EXHIBITS:

Exhibit A - Legal Description of Property
Exhibit B - Exercise Notice

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EXHIBIT A

LEGAL DESCRIPTION OF CONDOMINIUM PROPERTY

[To Come]

EXHIBIT B

EXERCISE NOTICE

NOTICE OF EXERCISE

Re: Notice of Exercise under Section 13.2 of the Resale Restriction Agreement (the "Resale Restriction Agreement") dated as of _____, 200__ and recorded as Instrument No. _____ among the official land records of the County of San Bernardino

Notice is hereby given that the Loma Linda Redevelopment Agency (the "Agency") gives its Exercise Notice pursuant to Section 13.2 of the Resale Restriction Agreement. You are to execute and return to the Agency at 25541 Barton Road, Loma Linda, California 92354, two copies of the enclosed Purchase Agreement executed by you as seller.

This Notice is without prejudice as to the right of the Agency to pursue remedies as may be available.

LOMA LINDA REDEVELOPMENT AGENCY

By: Executive Director

(Purchase Agreement to be enclosed)

EXHIBIT F

DISCLOSURE STATEMENT

I/we _____ and _____ (collectively, "Participant") understand, acknowledge and agree that my/our acquisition of that certain real property described in Addendum "A" attached hereto and improvements thereon (collectively, the "Condominium Property") is conditional on a number of factors, including, but not limited to:

- I/we are buying a condominium within the City of Loma Linda in accordance with the requirements of that certain Affordable Housing Agreement (the "Agreement") entered into by and between the Loma Linda Redevelopment Agency and Main Street Development Group, LLC (the "Developer"); all capitalized terms in this Disclosure Statement that are not otherwise defined herein have the meanings set forth in the Agreement.
- I/we must qualify as a Moderate Income Household pursuant to Health & Safety Code Section 50093.
- The Loma Linda Redevelopment Agency (the "Agency") has provided assistance to make the Condominium Property available to a Moderate Income Household at Affordable Housing Costs and is relying upon information I/we have made available to the Agency.

I/We further understand and agree that:

- I/we will be responsible for payment under each of (i) the "Homebuyer Agency Note" (in favor of Agency as beneficiary, in the original principal amount of \$100,000, and with an original term of 45 years); and (ii) the "First Trust Deed Note" (in favor of _____, as beneficiary, and with an original term of 30 years). I/we agree that regular monthly payments will be required under the First Trust Deed Note and to make such payment as becomes due and payable under the Homebuyer Agency Note.
- If I/we comply with all of the requirements under the Agreement, including the attachments thereto, I/we will not be required to make monthly payments under the Homebuyer Agency Note. I understand that use of the Condominium Property will be limited to use as my/our personal residence for forty-six (46) years (the "Affordable Housing Period"); I further understand that the ability to resell or refinance the Condominium Property is severely restricted.
- I/we may prevent the Note Amount from becoming due and payable by retaining the Condominium Property throughout the Affordable Housing Period, or by selling or otherwise conveying the Condominium Property to a Moderate Income Household at an Affordable Housing Cost in strict conformity with the Agreement and with the Agency's prior written approval. **This restricts the persons to whom we may sell the Condominium Property, may result in a sales price which is substantially less than the fair market value of the Condominium Property and may preclude refinancing or the sale of the Condominium Property in various cases.**

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- For a forty-six (46) year period, the Condominium Property may only be transferred to Moderate Income Households at an Affordable Housing Cost and the Condominium Property must be and remain owner-occupied.
- During the term of our ownership of the Condominium Property, I/we intend to continuously occupy the Condominium Property and I/we shall not rent or lease the Condominium Property.
- I/we may be responsible for paying an appraisal fee in connection with my/our sale, transfer, or refinance of the Condominium Property, or if the Homebuyer Agency Note becomes due and payable because I/we am/are in default of any provisions of the Agreement, the Covenants, or the Homebuyer Second Deed of Trust.
- Agency shall not be held responsible for any costs associated with my/our purchase of the Condominium Property, including but not limited to any loan fees or charges, any charges for appraisals, or any escrow costs or other costs relating to the transfer of the Condominium Property.
- Agency cannot ensure that information provided by or on my/our behalf will be kept confidential.
- Agency shall not be charged with the knowledge of the contents of the documents of my/our primary lender.

The Agency financial assistance I receive under this Program may be considered to be income for purposes of federal or state income taxes and the Agency shall not be held responsible for the payment of any taxes which I may incur by virtue of the receipt of such financial assistance.

PARTICIPANT

Dated: _____, 200__

By: _____

PARTICIPANT

Dated: _____, 200__

By: _____

ADDENDUM “A”

[To Come: Description of the Condominium Property]

TRUTH-IN-LENDING

REGULATION Z DISCLOSURE STATEMENT

FOR LOANS MADE BY THE LOMA LINDA REDEVELOPMENT AGENCY

(Note: it is contemplated that Borrower will also receive a loan from an institutional lender. The terms of such loan by Habitat are not described herein.)

Date: _____

<i>Annual Percentage Rate</i>	<i>Finance Charge</i>	<i>Amount Financed</i>	<i>Total of Payments</i>
The cost of your loan as a yearly rate (interest).	The dollar amount the loan will cost you (total accrued interest).	The amount of the Agency Loan provided to you or on your behalf.	The amount you have paid after you have made all payments as scheduled.
0% simple interest	\$	\$100,000	\$100,000
PLUS AGENCY SHARE (on \$100,000 loan)	PLUS AGENCY SHARE (on \$100,000 loan)	PLUS AGENCY SHARE (on \$100,000 loan)	PLUS AGENCY SHARE (on \$100,000 loan)

Creditor: LOMA LINDA REDEVELOPMENT AGENCY
22541 Barton Road
Loma Linda, California 92354

Borrower: _____

Itemization of Amount Financed: You have the right to receive at this time an itemization of the Amount Financed.

_____ I want an itemization.

_____ I do not want an itemization.

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Your Payment Schedule Will Be:

<i>Number of Payments</i>	<i>Amount of Payments</i>	<i>When Payments Are Due</i>
senior loan: One (1)		(a) as to the Homebuyer Second Loan, Forty-six (46) years from the date the loan is made, unless the loan is accelerated pursuant to Section 1 of the Condominium Homebuyer Loan Agreement or Section 3 of the Promissory Note, in which case payment will be due at the time of acceleration.

Property: You must obtain property insurance in an amount equal to the full replacement value of the structures on the Condominium Property and name the Loma Linda Redevelopment Agency as a loss payee.

Security: You are giving a security interest in the home you are purchasing which is located at _____.

Filing Fees: \$_____ Non-Filing Insurance: \$_____

Late Charge: If a payment is late, you will be charged \$_____/_____% of the payment.

Prepayment: If you pay off early, you

_____ may	_____ may not	have to pay principal, accrued simple interest and contingent deferred interest.
_____ may	_____ may not	have to pay a penalty.
_____ may	_____ may not	be entitled to a refund of part of the finance charge.

Interest Rate: The Agency Homebuyer Loan has a base interest rate that is

_____ fixed at zero percent 0% per year.

_____ variable. Disclosures about the variable-rate feature have been provided to you earlier.

The complete terms of the Agency loans are fully set forth in the Condominium Homebuyer Loan Agreement, the Homebuyer Agency Note, the Homebuyer Second Deed of Trust, the Condominium CC&Rs and the Resale Restriction Agreement. **READ ALL OF THESE DOCUMENTS CAREFULLY. ALL OF THESE DOCUMENTS AFFECT YOUR LEGAL RIGHTS.**

Assumption: Someone buying your Condominium Unit

_____ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

_____ cannot assume the remainder of the mortgage on the original terms.

Demand Feature: This obligation

_____ [is payable on demand] or [has a demand feature]

_____ [is not payable on demand] or [has no demand feature]

See your loan documents for any additional information about the terms of the Agency loan (under the Homebuyer Agency Note), nonpayment, default and penalties and any required repayment in full before the scheduled date.

ITEMIZATION OF THE AMOUNT FINANCED OF \$_____

\$_____ Amount given to you directly

\$_____ Amount paid on your account

Amount paid to others on your behalf:

\$_____ to [credit bureau] [appraiser] [title insurance company] [escrow]

\$_____ to (name of another creditor)

\$_____ to (other)

\$_____ prepaid finance charge

NOTICE OF RIGHT TO CANCEL

Your Right to Cancel

You are entering into a transaction that will result in a lien on your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

- (1) the date of the transaction, which is _____; or
- (2) the date you received your Truth in Lending disclosures; or
- (3) the date you received this notice of your right to cancel.

If you cancel the transaction, the lien is also canceled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the lien on your home has been canceled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at any location in the City of Loma Linda convenient to you. Money must be returned to the address below. If we do not take possession of the money or property within 20 calendar days of you offer, you may keep it without further obligation.

How to Cancel

If you decide to cancel this transaction, you may do so by notifying us in writing, at

LOMA LINDA REDEVELOPMENT AGENCY
25541 Barton Road
Loma Linda, California 92354
ATTN: Executive Director

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of the third business day following the latest of the three events listed above. If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

ACKNOWLEDGMENT OF RECEIPT

I have received two (2) copies of this Notice of Right to Cancel.

Signature

Date

Signature

Date

I WISH TO CANCEL

Signature

Date

Signature

Date

I HAVE NOT CANCELED

I confirm that at least four days ago (excluding Sundays and federal holidays) I received two (2) copies of this notice, and I have not canceled the transaction for which this notice is given.

Signature

Date

Signature

Date

EXHIBIT G

RESALE RESTRICTION AGREEMENT

[To come; same as Exhibit E to Attachment No. 6]

EXHIBIT H

CONDOMINIUM HOMEBUYER ACKNOWLEDGMENT OF COVENANTS

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Loma Linda Redevelopment Agency)
Attention: Executive Director)
25541 Barton Road)
Loma Linda, CA 92354)

(Space above for Recorder's use.)
(Exempt from Recording Fees Per
Gov't Code §6103.)

**CERTIFICATE REGARDING
DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS AND CERTAIN
OTHER INSTRUMENTS**

THIS CERTIFICATE REGARDING DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS (the "Certificate") is made by the LOMA LINDA REDEVELOPMENT AGENCY, a public body, corporate and politic (the "Agency"), and _____, a _____ (collectively, the "Participant"), as of the date set forth below and affects that real property recorded in Exhibit "A" hereto (the "Condominium Property").

R E C I T A L S

A. The Agency and Main Street Development, LLC, a California limited liability company (the "Developer") entered into a Disposition and Development/Affordable Housing Agreement, dated as of March 1, 2006 (the "AHA"). The AHA is on file with the Agency as a public record and is incorporated herein by this reference. A copy of the AHA has been provided to Participant.

B. In connection with the implementation of the AHA, the Agency and the Developer, have executed a Declaration of Conditions, Covenants and Restrictions dated as of _____, 2006 which was recorded in the Official Records of San Bernardino County on _____, 2006, as Document No. _____ (the "CC&Rs"). The CC&Rs are hereby incorporated herein. The CC&Rs contain requirements with respect to nondiscrimination, maintenance of property, affordable housing, and other matters as set forth therein. A copy of the CC&Rs has been provided to Participant.

C. Article IV of the CC&Rs require that the Condominium Unit constructed on the affected property shall be owned only by purchasers whose income, at the time of purchase, does not exceed one hundred twenty percent (120%) of San Bernardino County median income ("Moderate Income Households"), and that sales prices shall be limited to a price which is determined to be an "Affordable Housing Cost" under California law as determined in accordance with Section 50052.5 of the California Health and Safety Code.

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D. In connection with the AHA, the Participant has reviewed and has executed a "Condominium Homebuyer Loan Agreement" with the Agency. A copy of the Condominium Homebuyer Loan Agreement is on file with the Agency as a public record and is deemed incorporated herein. All capitalized terms used herein but not defined herein shall have the meanings established therefor in the Condominium Homebuyer Loan Agreement and, if not defined in the Condominium Homebuyer Loan Agreement, then in the AHA (including the Attachments thereto).

E. Participant desires to purchase the Condominium Property located at _____, Loma Linda, California ("Participant's Condominium") from the Developer. A legal description of the Condominium Property is attached hereto as Exhibit "A" and incorporated herein.

F. By this Acknowledgment of CC&Rs, the Participant acknowledges that the Condominium Property is subject to the affordable housing requirements of Article IV of the CC&Rs, and that all of the other requirements of the CC&Rs also apply to Participant's Condominium and the Condominium Property for the term set forth in the CC&Rs. The Participant further agrees that Participant acquires the Condominium Property subject to, and that Participant shall comply with, the Condominium Homebuyer Loan Agreement and each and every instrument referenced in Section 3 of this Certificate.

G. Participant understands that the Agency is relying on Participant's certifications herein in agreeing to release the Developer from certain obligations and crediting the Participant with the payment of certain sums which the Developer owes to the Agency.

NOW, THEREFORE, Participant hereby agrees and acknowledges as follows:

1. Participant has been provided a copy of the CC&Rs. Participant has carefully read the CC&Rs, and in signing this Acknowledgment, does do so with full knowledge of the obligations imposed on Participant pursuant to the CC&Rs.

2. Participant specifically agrees and acknowledges that Participant's Condominium is subject to the requirement of Article IV of the CC&Rs to restrict sales to "Eligible Persons and Families" at an "Affordable Housing Cost." Article IV of the CC&Rs provides in substance as follows:

"ARTICLE IV
AFFORDABLE HOUSING

Section 1. Affordability Covenants. Participant agrees for itself, and its successors and assigns, and every successor to Participant's interest in the ["Condominium Area" as defined in the AHA], or any part thereof that until the forty sixth (46th) anniversary of the recordation of this Declaration (the "Expiration Date"):

(a) Each dwelling unit on the Condominium Area (the "Affordable Units") shall only be owned and occupied by Participant or by _____ households which, as of the time of purchase of the Condominium Area, have an income which does not exceed One Hundred Twenty Percent (120%) of the San Bernardino County monthly median income (which households shall, for purposes of this Declaration, constitute "Eligible Persons or Families"). It is further agreed and acknowledged that each and every occupant of each of the Affordable

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Units shall execute agreements, promissory notes and deeds of trust encumbering the subject property for the benefit of the Agency in form acceptable to the Agency.

(b) The Affordable Units may be sold at an Affordable Housing Cost (as defined below) to Eligible Persons or Families. Affordable Housing Cost shall mean, as to each household consisting of Eligible Persons or an Eligible Program Participant, that purchase price which would result in monthly housing payments which do not exceed an amount under any currently prevailing, fixed conventional home mortgage lending rates applied by any reputable institutional home mortgage lender, or the lending rates of any government-subsidized or special mortgage program for which such person or family qualifies and has obtained a first trust deed loan, which do not exceed the following amounts: (i) for a Moderate Income Household having an income above eighty percent (80%) of Median Income, a monthly housing cost of not less than twenty eight percent (28%) of Median Income and not greater than thirty five percent (35%) of one hundred ten percent (110%) of Median Income adjusted for family size appropriate to the unit; (ii) for a Low Income Household, a monthly housing cost which does not exceed thirty percent (30%) of seventy percent (70%) of Median Income adjusted for family size appropriate to the unit; and (iii) for a Very Low Income Household, a monthly thirty percent (30%) of fifty percent (50%) of the San Bernardino County monthly median income (as determined by the United States Department of Housing and Urban Development) (the "Median Income") for a household having an income which does not exceed fifty percent (50%), all as more particularly set forth in Sections 50052.5 and 50105 of the California Health and Safety Code.

(c) The covenant contained in this Section 2 shall run with the land and shall automatically terminate and be of no further force or effect as of the Expiration Date.

Section 2. Transfer of Condominium Area. No transfer of the Affordable Unit shall occur until the Agency determines (a) that the proposed purchaser intends to occupy such Affordable Unit as the proposed purchaser's principal residence, (b) that the proposed purchaser is an Eligible Person(s) or household, and (c) that the proposed transfer occurs at an Affordable Housing Cost as determined pursuant to the Agreement. The proposed purchaser shall have submitted to the Agency such information and completed such forms as the Agency shall request to certify the proposed purchaser's intent with respect to its residency of the Affordable Unit and its gross income and the proposed purchaser has submitted an affidavit disclosing and certifying the amount of the proposed purchase price. Prior to conveyance of the Affordable Unit, each approved purchaser shall submit to the Agency an executed disclosure statement which certifies that the purchaser is aware that the purchaser buying may only sell the unit at an Affordable Housing Cost to a moderate income person or family, that the maximum permitted sales price may be less than fair market value and that the corresponding Affordable Unit must be owner-occupied at all times and cannot be rented or leased. Participant shall cooperate with the Agency in providing such forms to proposed purchasers and in assisting proposed purchasers to prepare such forms and to provide any required information to the Agency in connection with the Participant's original sale of the corresponding Affordable Unit.

PARTICIPANT UNDERSTANDS THAT THE DETERMINATION OF THE AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, THE TERMS OF SALE OFFERED TO AND THE ECONOMIC CIRCUMSTANCES OF THE

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PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER WILL PROBABLY BE SUBSTANTIALLY LESS THAN THE FAIR MARKET VALUE OF SUCH PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION AND, FURTHER, THAT THE RESTRICTIONS MAY SEVERELY LIMIT THE INTEREST OF PROSPECTIVE BUYERS IN THE CONDOMINIUM PROPERTY. PARTICIPANT FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE THE PRIMARY OBJECTIVE OF THE AGENCY AND THIS DECLARATION IS TO PROVIDE HOUSING TO MODERATE INCOME HOUSEHOLDS AT AN AFFORDABLE HOUSING COST.

The covenant contained in this Section 2 shall run with the land and shall automatically terminate and be of no further force or effect upon the Expiration Date.”

3. Participant has been provided with a copy of the AHA, as well as a copy of each of the Agency and the Resale Restriction Agreement. In addition, Participant has been provided with and has reviewed and has executed the Condominium Homebuyer Loan Agreement, the Homebuyer Agency Note and the Homebuyer Second Deed of Trust.

IN WITNESS WHEREOF, the Agency and the Participant have executed this Certificate as of _____, 200__ .

PARTICIPANT

By: _____

By: _____

AGENCY

LOMA LINDA REDEVELOPMENT AGENCY, a
public body corporate and politic

By: _____

Printed Name: _____

Dated: _____, 200__

EXHIBIT A

LEGAL DESCRIPTION OF THE CONDOMINIUM PROPERTY

That certain real property located in the City of Loma Linda, County of San Bernardino, State of California, described as follows:

[TO COME]

ATTACHMENT NO. 16

PRICING LIST

Condominium Units:

1. 3-bedroom unit: \$275,000
2. 4-bedroom unit: \$325,000

Condominium Units shall be sold to Moderate Income Households and will be subject to resale restrictions that include equity sharing provisions for the benefit of the Agency.

Single-family, detached Units (market rate units):

1. 3-bedroom unit – 1,252 square feet: \$369,340
2. 3-bedroom unit – 1,345 square feet: \$376,600
3. 4-bedroom unit – 1,675 square feet; \$414,250

All prices shown (including for condominiums and/or for single-family, detached units) are based upon pricing that would be effective as of March 30, 2006; all prices are subject to increase based upon the consumer price index for Riverside-San Bernardino counties. The prices shown are minimum prices; it is contemplated that prices will exceed the amounts shown herein.